# FRANCHISE DISCLOSURE DOCUMENT

VetCor Franchising LLC
A Florida Limited Liability Company
7707 S O'Brien St.
Tampa, FL 33616
(844) 838-2671
info@VetCorFranchising.com
www.VetCorFranchising.com

The franchised business is to operate a specialty restoration service business which provides emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services under the trade name "VetCor".

The total investment necessary to begin operation of a VetCor franchise is $173,935 to $244,735 with finance options and $329,510 to $400,310 with purchase options. This amount includes $50,668 to $60,668 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 2 to 10 units under a VetCor Area Development Agreement for two to ten units is $233,935 to $534,735 with finance options and $389,510 to $690,310 with purchase options. This includes $110,668 to $395,668 that must be paid to the franchisor or affiliate. There is no minimum number of VetCor franchises that you are required to develop under an Area Development Agreement.

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Paul Huszar at 7707 S O'Brien St., Tampa, FL 33616, (844) 838-2671, info@VetCorFranchising.com.

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

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

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

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

Issuance date: April 29, 2024 as amended on November 8, 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 franchises. You can find their names and contact information in Item 20 or Exhibit G. |
| **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 E 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 VetCor 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 VetCor franchisee?** | Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

Your state may have a franchise law, or other law, that requires 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 requires you to resolve disputes with the franchisor by arbitration only in Florida. Out-of-state arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate with the franchisor in Florida than in your own state.

2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial stability 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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection 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 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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, 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
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

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## Item 1
## THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we," "us," or "our" refers to VetCor Franchising LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement's provisions also will apply to your owners.

The Franchisor

Our name is VetCor Franchising LLC. We are a Florida limited liability company formed on April 15, 2019. Our principal business address is 7707 S O'Brien St., Tampa, FL 33616. We are a wholly owned subsidiary of Team VetCor LLC. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document, but our Affiliate does. We have offered franchises since July 12, 2019. We do not have any affiliates that offer franchises in any line of business. We do have affiliates that offer provide products or services to our franchisees.

Our Parents, and Certain Affiliates

Our parent company is Team VetCor, LLC, a Florida limited liability company formed on March 26, 2019. The principal business address of Team VetCor, LLC is 7707 S O'Brien St., Tampa, FL 33616. Team VetCor, LLC does not offer franchises in any line of business.

Our affiliate, VetCor, LLC, a Florida limited liability company has operated VetCor in Tampa, Florida since November 3, 2013. The principal business address of VetCor, LLC is 7707 S O'Brien St., Tampa, FL 33616. VetCor, LLC operates an outlet similar to the one offered in this disclosure document. They do not offer franchises in any line of business.

Our affiliate, VetCor Systems, LLC, a Florida limited liability company was formed on April 15, 2019. The principal business address of VetCor Systems, LLC is 7707 S O'Brien St., Tampa, FL 33616. VetCor Systems, LLC manages all information technology systems and software on behalf of our franchisees. VetCor Systems, LLC does not offer franchises in any line of business.

Our affiliate, VetCor Quartermaster, LLC, a Florida limited liability company was formed on July 31, 2019. The principal business address of VetCor Quartermaster, LLC is 7707 S O'Brien St., Tampa, FL 33616. VetCor Quartermaster, LLC manages all vendor relationships and purchases on behalf of our franchisees and serves as sublessor for vehicles to our franchisees. VetCor Quartermaster, LLC does not offer franchises in any line of business.

Our affiliate, VetCor Intelligence, LLC, a Florida limited liability company, was formed on August 26, 2019. The principal business address of VetCor Intelligence, LLC is 7707 S O'Brien St., Tampa, FL 33616. VetCor Intelligence, LLC owns the trademarks described in Item 13 of this Disclosure Document. VetCor Intelligence, LLC does not offer franchises in any line of business.

Our affiliate, VetCor Tactical Response, LLC ("VetCor Tactical Response"), a Florida limited liability company, was formed on March 26, 2020. The principal business address of VetCor Tactical Response is 7707 S O'Brien St., Tampa, FL 33616. VetCor Tactical Response provides optional estimating services on behalf of our franchisees.

Our Predecessors

We do not have any predecessors.

Our Business Name

We use the names "VetCor Franchising LLC", "Team VetCor LLC", "VetCor Quartermaster LLC", "VetCor Services", "VetCor Systems LLC" and "VetCor." We do not intend to use any other names to conduct business.

Agent for Service of Process

Our agent for service of process in Florida is Mr. David Singer, and the agent's principal business address is Shumaker, Loop & Kendrick, LLP, Bank of America Plaza, 101 East Kennedy Blvd, Suite 2800 Tampa, FL 33602. Our agents for service of process in other states are disclosed in Exhibit A.

Information About Our Business and the Franchises Offered

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a business that provides drying, cleaning, painting, repair, mitigation, remediation, construction and replacement services and subcontracting services to insurance companies, businesses and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold or other casualties, including purification, cleaning and odor removal services and products. As a VetCor franchisee, you will provide all of the above services as well as emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services to businesses and residential clients whether or not insurance covers them.

If you sign an Area Development Agreement (attached as Exhibit C to this disclosure document), you will develop multiple VetCor businesses, on an agreed-upon schedule. Franchisees who sign an Area Development Agreement must agree to develop and operate a minimum of two outlets. There is no maximum number of outlets that may be opened under an Area Development Agreement. At the time you sign the Area Development Agreement, you will also sign the franchise agreement for your first VetCor business. Before opening each subsequent location, you will sign our then-current franchise agreement. For future unit franchisees, an area developer may be required to sign a franchise agreement in a form that differs from the form of franchise agreement in this offering.

The general market for restoration services is anyone who has had fire, water, or mold damage in their home or business. VetCor businesses provide residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas, restoration after disasters, and general contracting. You will have to compete with other businesses, which may include franchised operations, national chains, and independently owned companies offering restoration services and similar services. You may also encounter competition from other VetCor franchises who accept work in your territory. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict.

Laws and Regulations

Most states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your business, including occupational health and safety; environmental (asbestos, lead, OSHA); labor; licensing and permits; bonding; insurance; and advertising. You will need to obtain, at a minimum, water damage restoration technician ("WRT") and applied structural drying ("ASD") certifications from the Institute of Inspection Cleaning and Restoration Certification (IICRC). Additionally, the execution of mold remediation is regulated by law in several states. Required certifications(s) or license(s) must be secured prior to performing this service. Execution of trauma/crime scene cleanup (primarily the transport of hazardous waste) may also be regulated.

We require you to attain these certifications before you open. We suggest that you attain these certifications before you attend our initial training and they will greatly increase the benefit of the training Additionally, you may need to obtain other certifications and be a licensed contractor depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county, and city laws and regulations. You alone are responsible for investigating and complying with all applicable laws and regulations. You should consult with a legal advisor about legal requirements that may apply to your business.

Various insurance companies, contractors and third-party administrators that you may obtain work from will require that you meet certain credential requirements which include certain training and certification requirements, be in business for a certain amount of time, have specific business licenses, obtain certain insurance policy terms, or pay a fee.

## Item 2
## BUSINESS EXPERIENCE

**Paul Huszar, President and CEO**

Paul Huszar has been our President and CEO since our inception. Since March 2020, Paul has also served as President of VetCor Tactical Response, LLC in Tampa, FL. Since August 2019, Paul has also served as President of VetCor Intelligence, LLC in Tampa, FL. Since July 2019, Paul has also served as President of VetCor Quartermaster, LLC in Tampa, FL. Since April 2019, Paul has also served as President of VetCor Systems, LLC in Tampa, FL. Since March 2019, Paul has also served as President of Team VetCor, LLC in Tampa, FL. Since November 2013, Paul has also

served as President of VetCor, LLC in Tampa, FL. Since December 2013, he has also served as President and CEO of VetCor Water Mitigation Services in Tampa, FL.

**Patrick Sommer, Vice President of Operations & Development**

Patrick Sommer has served as our Vice President of Operations & Development since October 2024. From June 2024 to October 2024, Mr. Sommer was unemployed. From October 2023 to June 2024, Mr. Sommer served as the Vice President of Franchise Development for Veterans Restoration in Charlotte, NC. From August 2023 to October 2023, Mr. Sommer was unemployed. From September 2022 to August 2023, Mr. Sommer served as the Director of Franchise Development for Rep'M Group in Charlotte, NC. From November 2021 to September 2022, Mr. Sommer served as the Director of Franchise Development for PuroClean in Charlotte, NC. From March 2021 to November 2021, Mr. Sommer served as the Director of Franchise Development for Two Maids & a Mop in Charlotte, NC. From May 2018 to March 2021, Mr. Sommer served as the Director of Franchise Development for Mahana Fresh in Charlotte, NC.

## Item 3
## LITIGATION

Lontex14, LLC and Blaine Decker v. VetCor Franchising, LLC, Paul Huszar, Mike Long and Scott Walden, No. 8:23-cv-00104-JSN-NHA (M.D. Fla. Filed January 16, 2023). Our franchisee, Lontex14, LLC and its owner, Blaine Decker, filed suit against us for fraud; negligent misrepresentation; unjust enrichment; violations of the Florida Deceptive and Unfair Practices Act; breach of contract; breach of the covenant of good faith and fair dealing; rescission and cancellation of the franchise agreement; breach of the Florida franchise act; and declaratory relief. The plaintiff alleges that we made material misrepresentations and material omissions to induce plaintiff into signing the franchise agreement; we failed to provide training and assistance in marketing, lead generation, operations and job processing; and that we changed the franchise business model. We filed counterclaims alleging that Longtex14, LLC and Blaine Decker breached the franchise agreement. On September 15, 2024, the parties agreed to settle the matter. In full and final settlement, we agreed to pay Longtex14, LLC and Blaine Decker $300,000 and rescind the franchise agreement.

VetCor Franchising, LLC v. Neumann Emergency Services, LLC, Jason W. Neumann, Jennifer Odom, Don Noble, Scott Walden, Clint MacMiller, Stephanie Klik, Mike Walker and John McCloud, No. 23-CA-013855 (Fla. 13th Jud. Cir. Filed July 18, 2023). We filed suit against (i) our franchisee, Neumann Emergency Services, LLC, for breach of its multiple franchise agreements and the non-competition covenants and for failing to pay royalties; (ii) the owners of Neumann Emergency Services, LLC, Jason W. Neumann and Jennifer Odom, for breach of their personal guaranties and non-competition agreements by competing with us and employing our former employees; and (iii) our former employees, and current employees of Neumann Emergency Services, LLC, Don Noble, Scott Walden, Clint MacMiller, Stephanie Klik, Mike Walker and John McCloud for aiding and abetting the violation of the franchise agreements restrictive covenants by Neumann Emergency Services, LLC. We have requested that the court enter a temporary and permanent injunction against all defendants from further violation of the franchise agreements and from further aiding and abetting violation of the franchise agreements, and for a judgment for compensatory damages, interest, and costs in amounts to be determined at

trial. On December 18, 2023, Neumann Emergency Services, LLC, Jason W. Neumann, Jennifer Odom, Don Noble, Clint MacMiller, Stephanie Klik, Mike Walker and John McCloud settled the matter with us. As full and final settlement, Neumann Emergency Services, LLC agreed to pay us $252,986.56 and we agreed to drop claims relating to Neumann Emergency Services, LLC employment of our former employees and waive all post-termination covenants against Neumann Emergency Services, LLC.

Other than the above, no litigation is required to be disclosed in this Item.

## Item 4
## BANKRUPTCY

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

## Item 5
## INITIAL FEES

Franchise Fee

When you sign your franchise agreement, you must pay us an initial franchise fee of $60,000. The Initial Franchise Fee is uniform and is deemed fully earned and nonrefundable upon payment.

Development Fee

You may purchase the rights to open additional VetCor franchises, with our approval, by signing our Area Development Agreement ("ADA") in the form of Exhibit C to this disclosure document and paying a Development Fee ("Development Fee"). Your Development Fee will depend on the number of VetCor franchises we grant you the right to open within the Development Area and is calculated as follows:

| Number of Franchised Locations | Initial Franchise Fee | Total Development Fee |
|---|---|---|
| 1 | $60,000 | N/A |
| 2 | $55,000 each | $110,000 |
| 3 | $45,000 each | $135,000 |
| 4 | $45,000 each | $180,000 |
| 5 | $45,000 each | $225,000 |
| 6 | $40,000 each | $240,000 |
| 7 | $40,000 each | $280,000 |
| 8 | $40,000 each | $320,000 |
| 9 | $40,000 each | $360,000 |
| 10 or more | $35,000 each | |

We calculate the Development Fee uniformly for all franchisees, but the total amount of the Development Fee will vary depending on the number of VetCor franchises you agree to develop under the ADA. The Development Fee is payable when you sign the ADA and is non-refundable.

U.S. Veterans' Discount

If (i) you are a veteran, (ii) your spouse is a veteran or on active duty, (iii) your biological mother or father is a veteran or on active duty, (iv) your spouse's biological mother or father is a veteran or on active duty, (v) your child is a veteran or on active duty, or (vi) the shareholders, members, or partners owning at least 51% of franchised business are veterans then we will discount our initial franchise fee for your first and second VetCor franchise to $50,000 each. Veteran means honorably discharged from the U.S. Army, Navy, Air Force, Marines, Coast Guard or SpaceForce and can provide proof of veteran or military status by providing a DD214 or military orders. A child is defined as a biological child or a legally adopted child.

Software Fee

You must pay us an initial software license and set up fee of $668 before you open. The software fee is uniform and is deemed fully earned and nonrefundable upon payment.

**Item 6**
**OTHER FEES**

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty | 4% of your Collected Gross Revenue for general reconstruction and build back; and 7% of your Collected Gross Revenue for all other services. | Monthly | Your royalty fee is calculated on Collected Gross Revenue. We will invoice you for your royalty on the 5th of the month and then collect all royalties owed 5-days following issuance of our invoice. See Note 1, Note 2 and Note 3. |
| Marketing Fund Contribution | 1% of your Collected Gross Revenue | Monthly | The Marketing Fund is described in Item 11. |
| Local Marketing Requirement | 1% of your Collected Gross Revenue | As incurred | You may only use promotional materials you have purchased from us or that we have provided to you. |
| Market Cooperative Contribution | As determined by the co-op. Currently, none. | Monthly | We have the right to establish local or regional advertising cooperatives. There is no minimum or maximum on the contribution determined by the co-op. If we, or our affiliates, own any location within the cooperative, we or they will vote on the same basis as other members. If our outlets have controlling voting power, there is no minimum or maximum on fees that could be imposed. |

| | | | |
|---|---|---|---|
| National Account, Commercial Account and Catastrophic Event claims fee | $75 per claim processed plus required referral fees to third parties and 15% of Collected Gross Revenue for any specific National Account, Commercial Account and Catastrophic Events claim | Monthly | We have the right to control all billing and collections for National Account, Commercial Account and Catastrophic Events claims and withhold a $75 fee per claim processed plus 15% of Collected Gross Revenue along with any other fees due to us by you. We will also pay any and all referral fees due to third parties as a result of such National Account, Commercial Account and Catastrophic Events claims. |
| Estimating Services | $75 for work estimates up to $350; $100 for work estimates between $350.01-$750; $150 for work estimates between $750.01-$2,000; $200 for work estimates between $2,000.01-$3,500; $250 for work estimates between $3500.01-$5,000; $300 for work estimates between $5,000.01-$7,500; $350 for work estimates between $7,500.01-$10,000 and 4% of work estimate for work estimates $10,000.01 or higher. | As incurred | During the first 6 months after you open your first territory, we (or our affiliate) will provide estimating services to you at no additional charge. After the first 6 months after you open your first territory, you may contract with us (or our affiliate) to provide estimating services at our then-current rates or perform estimating services on your own.<br><br>If, after the first 6 months you open your first territory, you elect for us (or our affiliate) to continue providing estimating services, you will also incur a $25 fee for changes to an original estimate; $50 if the job is not sold at the franchise level and $25 if only a photo report is required instead of an actual estimate. |
| Renewal Fee | $5,000 | At the time you sign the new franchise agreement | Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. (subject to state law) |
| Third-Party Administrator Fees | Varies | As incurred | If you accept work from approved third-party administrators you will be required to pay a fee to the third-party administrator. Currently this fee can range from 5.5% to 8.5%. |

| | | | |
|---|---|---|---|
| Replacement/Additional Training fee | Currently, $500 per day | Prior to attending training | If you send a manager or other employee to our training program after you open, we will charge our then-current training fee. |
| Third party vendors | Pass-through of costs, plus a reasonable administrative charge. | Varies | We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, equipment, and consumables suppliers, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together at a reasonable markup or charge for administering the payment program. |
| Software subscription | Currently, $750 - $1,500 per month | Monthly | We require you to use certain software as described in Item 11. You pay subscription fees directly to the software supplier, and not to us.<br>The software will include PSA enterprise resource planning system. |
| Late report fee | $50 | On-demand | If you are late sending any required or requested reports to us, we may charge you a $50 late report fee. |
| Annual Reunion | Our then current fee | Within 15-days of the invoice. | If we host an annual business meeting or annual reunion then you must pay us our then current fee for attendance. If you fail or refuse to attend or send an authorized representative then you must pay us a fee of $1,500. |
| Reimbursement | The amount that we spend on your behalf, plus 10% | Within 15 days of the invoice | If we pay any amount that you owe or are required to pay to a third party, you must reimburse us. |
| Late fee | $100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law) | On-demand | We may charge a late fee if you fail to make a required payment when due. |

| | | | |
|---|---|---|---|
| Insufficient funds fee | $30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law) | On-demand | We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account. |
| Costs of collection | Our actual costs | As incurred | Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us. |
| Breach of territory fee | The greater of (i) $500 or (ii) 75% of the amount paid by the customer outside of your territory. | On-demand | If you serve a customer outside of your territory without our prior written permission, we may impose this fee. |
| Special support fee | Our then-current fee, plus our expenses. Currently, $600 per day. | On-demand | If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support). |
| Customer complaint resolution | Our expenses | On-demand | We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses. |
| Records audit | Our current billable rate | On-demand | Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross revenue by more than 3% for any month. |
| Special evaluation fee | Currently $600, plus our out-of-pocket costs | On-demand | Payable only if we conduct an in-person evaluation of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification. |
| Non-compliance Fee | $500 for any instance of non-compliance that is not cured within 30-days and $250 for each week thereafter until cured. | If incurred | Payable upon your failure to comply with our System standards and requirements. This fee is in addition to all other remedies that we have under the Franchise Agreement. |

| | | | |
|---|---|---|---|
| Non-compliance cure costs and fee | Our out-of-pocket costs and internal cost allocation, plus 10% | When billed | We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee. |
| Transfer fee | $10,000 plus any broker fees and other out-of-pocket costs we incur | When transfer occurs | Payable if you sell your business. |
| Relocation fee | 25% of our then-current initial franchise fee | Upon our approval of the relocation | If you request to relocate your business. We are not required to approve relocation of your business if you lose your lease |
| Liquidated damages | An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term. | On-demand | Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so. |
| Indemnity | Our costs and losses from any legal action related to the operation of your franchise | On-demand | You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence). |
| Prevailing party's legal costs | Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party | On-demand | In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs, and other expenses. |

All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Collected Gross Revenue" is defined as the total revenue collected from or through your business for a given period, including, but not limited to, amounts for any services or products sold by you, whether for cash or credit. Collected Gross Revenue does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, (iv) network referral fees or (v) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Collected Gross Revenue).

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

3. You will pay a monthly royalty of 4% for all Collected Gross Revenue from General Reconstruction or Build Back services provided. You must pay a monthly royalty of 7% on Collected Gross Revenue from all other services.

## Item 7
## ESTIMATED INITIAL INVESTMENT

**Franchise Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Initial franchise fee (see Note 1) | $50,000 - $60,000 | Check or wire transfer | Upon signing the franchise agreement | Us |
| Rent, Utilities, and Leasehold Improvements | $2,500 - $4,500 | Per landlord and lease. | Per landlord and lease. | Landlord |
| Grand Opening Advertising (see Note 2) | $3,000 - $6,000 | Check, debit, and/or credit | As incurred or when billed | Vendors and suppliers |
| Furniture, Fixtures, and Equipment | $500 - $5,000 | Check, debit, and/or credit | As incurred | Vendors and suppliers |
| Computer Systems | $2,500 - $5,000 | Check, debit, and/or credit | As incurred | Vendors and suppliers |
| Insurance | $3,500 - $4,500 | Check | Upon ordering | Insurance company |
| Vehicle (see Note 3) | $39,235 (Financed) $133,310 | As arranged | Upon purchase | Vendor |

| | | | | |
|---|---|---|---|---|
| | (Purchased) | | | |
| Vehicle Wrap (see Note 4) | $0 - $5,000 | Check, debit, and/or credit | Upon purchase | Vendor |
| Signage | $200 - $1,000 | Check, debit, and/or credit | Upon ordering | Vendor |
| Professional Equipment (see Note 5) | $22,500 (Financed) $84,000 (Purchased) | As arranged | Upon ordering | Vendors |
| Operational and Software Licenses and Permits, Dues and Subscriptions (see Note 6) | $3,000 - $4,000 | Check, debit, and/or credit | Upon application | Us, Government, Vendors and Trade Organizations |
| Professional Fees (lawyer, accountant, etc.) | $1,000 - $3,000 | Check, debit, and/or credit | As incurred or when billed | Professional service firms |
| Travel, lodging, and meals for initial training | $6,000 - $10,000 | Cash, debit or credit | As incurred | Airlines, hotels, and restaurants |
| Additional funds (for first 3 months) (see Note 7) | $40,000 - $75,000 | Varies | Varies | Employees, suppliers |
| Total (with Finance Options) (see Note 8) | $173,935 - $244,735 | | | |
| Total (with Purchase Options) (see Note 8) | $329,510 - $400,310 | | | |

Notes

1. None of the expenditures in this table will be refundable. Neither we nor any affiliate provides financing for any part of your initial investment. The initial franchise fee is $60,000; however, if you are a veteran then the initial franchise fee is discounted to $50,000.

2. You must spend between $3,000 and $6,000 to conduct Grand Opening advertising in your territory. You can expend any additional amounts you wish on Grand Opening advertising, and we estimate that you will do so. You are required to spend, at minimum, $1,500 in the four weeks before and $1,500 in the four weeks after your opening date ($3,000 in total).

3. You must use either (i) a High-Top Van and a Box Truck or (ii) two high-top vans for your business which will be used to carry the equipment and provide services to customers in

your market. The vehicles must be in excellent or better condition, clean, dent-free, wrapped according to our then-current standards and otherwise presenting a professional appearance. You may bring your own vehicles, purchase, or lease them. The low-end estimate assumes will lease the required High-Top Van(s) and a Box Truck for the business that will meet our standards. The high-end estimate assumes you purchase a new vehicle(s), with certain fees and costs payable upon signing the purchase agreement. If you choose to lease the vehicles, the estimate for vehicle payments in the chart above represents a 15% deposit for all leased vehicles plus monthly payments for a period of 3 months.

4. We require that you wrap your vehicles with our approved designs. If you already have a High-Top Van and a Box Truck for the business that will meet our standards, we estimate that your costs will be $5,000 using our recommended vendors. Although you are not required to purchase or lease through our affiliate, if you purchased or leased the High-Top Van and a Box Truck through our affiliate, VetCor Quartermaster, LLC, then the cost to wrap the vehicles is included in our estimates.

5. You are required to acquire our approved equipment which includes dehumidifiers, protective equipment, etc. We estimate that the approved equipment will cost approximately $75,000; however, you may lease this equipment through our approved vendors. If you choose to lease this equipment, you will pay a 15% deposit plus an estimate of 3 monthly lease payments. You must also purchase approximately $9,000 in tools. The low-end estimate assumes you will purchase the required tools and lease the approved equipment and therefore includes the estimated down payment and 3 months of lease payments. The high-end estimate assumes you will purchase all required tools and approved equipment in full.

6. This includes all software, occupational and insurance licenses, permits as well as dues and subscriptions for the operation of a VetCor business.

7. This includes any other required expenses you will incur before operations begin and during the first 3 months of operations, such as payroll, additional inventory, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a VetCor business by our affiliate, and our general knowledge of the industry.

8. These figures are estimates based on the experience of our affiliate and franchisees, but actual expenses may vary. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

**Area Development Agreement**

**YOUR ESTIMATED INITIAL INVESTMENT**

| Type of expenditure | Amount | Method of payment | When due | To whom payment is to be made |
|---|---|---|---|---|
| Development Fee[2] | $110,000 - $350,000 | | | Us |

| | | | | |
|---|---|---|---|---|
| | (2 units) - (10 units) | Check or wire transfer | Upon signing the area development agreement | |
| Initial Investment to Open Initial VetCor Business [3] | $123,935 - $184,735 (with Finance Options)<br>$279,510 - $340,310 (with Purchase Options) | See above chart in this Item 7 | | |
| **TOTALS** (with Finance Options) | $233,935 - $534,735<br>(2 units) (10 units) | | | |
| **TOTALS** (with Purchase Options) | $389,510 - $690,310<br>(2 units) (10 units) | | | |

Notes

1. All fees and payments are non-refundable, unless otherwise stated. We do not finance any portion of your initial investment.

2. This chart details the estimated initial investment associated with executing an Area Development Agreement for the right to own and operate 2 to 10 VetCor Businesses, as well as the initial investment to open your first business under your Development Schedule.

3. The Development Fee is described in greater detail in Item 5 of this Disclosure Document, and this Development Fee is for the right to open and operate between 2 and 10 businesses.

4. This figure represents the total estimated initial investment required to open the initial VetCor Business you agreed to open and operate under the Area Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial business you open under your Area Development Agreement. The range includes all the items outlined in Table A of this Item 7, except for the Initial Franchise Fee because it is accounted for in the Development Fee. It does not include any of the costs you will incur in opening any additional businesses that you are granted the right to open and operate under your Area Development Agreement.

## Item 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, and (2) according to our specifications.

Specific Obligations

The following are your current specific obligations for purchases and leases:

A. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Manual, which includes (i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, (iii) Bailees replacement cost coverage not less than $250,000, and (iv) Workers Compensation coverage as required by state law. Your insurance policies must add us and our affiliates as additional insured. (Franchise Agreement, Section 7.17)

B. Computer software and hardware. You must purchase and use the computer software and hardware that we specify. See Item 11 for more details.

C. Equipment. You must purchase the primary restoration and remediation equipment from our approved vendors. We use specialized equipment that will provide the services you will offer through the franchised business and must purchase from our approved vendor list, which is described in the Operating Manual.

D. Vehicle. You must use either a high-top van and a box truck, or two high-top vans wrapped as approved by us during the operation of the franchised business, which must be in excellent or better condition and free from dents, scratches, or other damage. An additional smaller vehicle, such as a minivan, is recommended but not required.

Us or our Affiliates as Supplier

Our affiliate, VetCor Tactical Response, is a required supplier for estimating as a service during your first 6 months of operation. After your first 6 months of operation, VetCor Tactical Response is an optional approved supplier for estimating as a service; however, if you intend to perform your own estimating as a service or use another supplier then you must opt out of using our affiliate no later than 5 months after you begin operation. (Franchise Agreement, Section 8.9)

Our affiliate, VetCor Systems, LLC, is an approved supplier of various products and services such as information technology systems and software.

Our affiliate, VetCor Quartermaster, LLC, is an approved supplier and sublessor for the required High-Top Van and Box Truck.

We and our affiliates reserve the right to earn a profit on the sale of these items to you. Additionally, we and/or our affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with us, you, or other VetCor businesses in the System. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate.

Other than as stated above, neither we nor any of our other affiliates are currently a required supplier of any good or service that you must purchase, although we reserve to the right to be a required supplier (or the sole supplier) of a good or service in the future.

Ownership of Suppliers

Other than the affiliates listed in Item 1 of this Disclosure Document, none of our officers owns an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operating Manual. (Franchise Agreement, Section 8.2)

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Operating Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system or modify existing specifications and standards, at any time by revising our Operating Manual and/or issuing newly written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

We may ask a franchisee to test a new product or service as part of our ongoing efforts to improve the franchise, at their sole expense, but this does not constitute approval of the product or service for use in all franchises. The product or service may be canceled at any time.

Revenue to Us and Our Affiliates

In the last fiscal year ending December 31, 2023, we earned $0 from required purchases which constituted zero percent of our total gross revenue.

Proportion of Required Purchases and Leases

We estimate the required purchases and leases to establish your business are 65% to 85% of your total purchases and leases to establish your business.

We estimate the required purchases and leases of goods and services to operate your business are 55% to 75% of your total purchases and leases of goods and services to operate your business.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We and/or our affiliates may negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## Item 9
## FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section in Franchise Agreement | Disclosure document item |
|---|---|---|
| a. Site selection and acquisition/lease | Franchise Agreement ("FA"): § 6.1<br>Area Development Agreement ("ADA"): §§ 3 and 4 | Item 11 |
| b. Pre-opening purchase/leases | FA: §§ 6.2, 6.3<br>ADA: Not Applicable | Items 5, 7, 8 and 11 |
| c. Site development and other pre-opening requirements | FA: Article 6<br>ADA: § 7 | Items 5, 7, 8 and 11 |
| d. Initial and ongoing training | FA: §§ 5.4, 6.4, 7.6<br>ADA: Not Applicable | Items 5, 6, 8 and 11 |
| e. Opening | FA: §§ 6.5, 6.6<br>ADA: § 4 | Items 7, 8 and 11 |

| | | |
|---|---|---|
| f. Fees | FA: Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 14.5, 15.2, 16.1, 17.6<br>ADA: § 2 | Items 5, 6 and 7 |
| g. Compliance with standards and policies/operating manual | FA: §§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 10.1, 10.4, 11.1<br>ADA: Not Applicable | Items 8, 11 and 14 |
| h. Trademarks and proprietary information | FA: Article 12, § 13.1<br>ADA: Not Applicable | Items 13 and 14 |
| i. Restrictions on products/services offered | FA: § 7.3<br>ADA: Not Applicable | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | FA: §§ 7.3, 7.8, 7.9<br>ADA: Not Applicable | Item 8 |
| k. Territorial development and sales quotas | FA: Not applicable<br>ADA: §§ 3 and 4 | Item 12 |
| l. Ongoing product/service purchases | FA: Article 8<br>ADA: Not Applicable | Items 6 and 8 |
| m. Maintenance, appearance, and remodeling requirements | FA: §§ 7.12, 7.13, 15.2<br>ADA: Not Applicable | Items 6, 7 and 8 |
| n. Insurance | FA: § 7.15<br>ADA: Not Applicable | Items 6, 7 and 8 |
| o. Advertising | FA: Article 9<br>ADA: Not Applicable | Items 6, 7, 8 and 11 |
| p. Indemnification | FA: Article 16<br>ADA: § 14 | Items 6 and 8 |
| q. Owner's participation/management/staffing | FA: § 2.4<br>ADA: § 7 | Items 15 |
| r. Records and reports | FA: Article 10<br>ADA: Not Applicable | Item 11 |
| s. Inspections and audits | FA: §§ 10.5, 11.2<br>ADA: Not Applicable | Items 6 and 11 |
| t. Transfer | FA: Article 15<br>ADA: § 11 | Items 6 and 17 |
| u. Renewal | FA: § 3.2 | Items 17 |

| | | |
|---|---|---|
| | ADA: § 5 | |
| v. Post-termination obligations | FA: Article 13, § 14.3<br>ADA: § 10 | Item 17 |
| w. Non-competition covenants | FA: § 13.2<br>ADA: Not Applicable | Item 17 |
| x. Dispute resolution | FA: Article 17<br>ADA: § 19 | Items 6 and 17 |

## Item 10
## FINANCING

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

## Item 11
## FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* You must operate your business from a commercial office. We do not assist you in (i) locating or approving your site and negotiating the purchase or lease of the site, (ii) conforming the premises to local ordinances and building codes and obtaining any required permits, or (iii) constructing, remodeling, or decorating the premises. We do require that your Location be located in your territory. We do not need to approve the site. If you cannot find a suitable Location before your scheduling opening date, we may terminate the Franchise Agreement. We generally do not own and then lease any sites to you.

B. *Hiring and training employees*. We will provide you with our suggested staffing levels (Franchise Agreement, Section 5.2), suggested guidelines for hiring employees (Franchise Agreement, Section 5.2), operational instructions in the Operating Manual which you can use as part of training new employees (Franchise Agreement, Section 5.3), and our initial training program described below. All hiring decisions and conditions of employment are your sole responsibility.

C. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Franchise Agreement, Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

D. *Operating Manual*. We will give you access to our Operating Manual. The Manual currently consists of 242 pages and may be amended from time to time. The Manual is confidential and remains our property because it is our intellectual property. We may modify the Manual from time to time, but these modifications will not alter your status and rights and obligations under the Franchise Agreement or Area Development Agreement. The table of contents for the Manual are attached as Exhibit F to this Disclosure Document. (Franchise Agreement, Section 5.1)

E. *Initial Training Program.* We will conduct our initial training program. (Franchise Agreement, Section 5.4). The current initial training program is described below.

F. *Business plan review*. If you request, we will review your pre-opening business plan and financial projections. (Franchise Agreement, Section 5.4)

G. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. (Franchise Agreement, Section 5.4)

Our Pre-opening Obligations under the Area Development Agreement

Our obligations regarding site selection assistance, training, and advertising for additional Locations developed under an Area Development Agreement will be governed by the form of single-unit franchise agreement you sign for each additional business.

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 2-6 months. Factors that may affect the time period include your ability to obtain financing, obtain business permits and licenses, schedule initial training, credentialing and hire employees. You will not open your business before (1) successful completion of the initial training program and all other required training, (2) purchasing all required insurance and providing us, at our option, proof of coverage, (3) obtaining all required licenses, certifications, permits and other governmental approvals. Failure to open within 6 months from the signing of the Franchise Agreement is cause for termination of the Franchise Agreement.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services that you will offer to your customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *On-going hiring and training employees*. We will provide you with our suggested staffing levels (Franchise Agreement, Section 5.2), suggested guidelines for hiring employees (Franchise Agreement, Section 5.2), and operational instructions in the Operating Manual which you can use as part of training new employees (Franchise Agreement, Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems that you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement, Section 5.5)

D. *Establishing prices*. Upon your request, we will provide recommended prices for products and services. (Franchise Agreement, Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Franchise Agreement, Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund*. We will administer the Marketing Fund. (Franchise Agreement, Section 5.5)

G. *Website*. We will maintain a website for the VetCor brand, which will include your business information and telephone number. (Franchise Agreement, Section 5.5)

H. *Estimating Services*. For the first 6 months after opening your first territory, our affiliate, VetCor Tactical Response will provide estimating services to you at no additional charge. After the first 6 months of opening your first territory, you will have the option to cancel your contract with VetCor Tactical Response and provide estimating services on your own or through another approved supplier. You must give 30 days written notice to us and our affiliate, VetCor Tactical Response to cancel your contract. If you wish to continue your contract with VetCor Tactical Response or no written notice of cancelation is received, you will be automatically enrolled in ongoing services with VetCor Tactical Response to provide estimating services at their then-current rates as stated in the Manual. Estimating Services include the performance of all invoicing, estimate upload and submission, review of all job estimate documentation, and job estimate modification. (Franchise Agreement, Section 8.9)

I. *National Accounts, Commercial Accounts and Catastrophic Event Management*. We will negotiate and enter into agreements for all National Accounts, Commercial Accounts and Catastrophic Events claims with insurance companies and customers. We will invoice and collect funds relating to National Accounts, Commercial Accounts and Catastrophic Events claims and Franchisee agrees not to engage in any of these activities. We will collect all revenue from National Accounts, Commercial Accounts and Catastrophic Events claims and deduct all fees due to us or third parties, including referral fees due, a $75 fee for each processed claim plus a 15% administrative fee. Once we have deducted all fees due to us and necessary third-parties, we will remit payment of the remainder to you. National Accounts and Commercial Accounts are defined as any services requested by or on behalf of insurance carriers or commercial properties.

Catastrophic Events are defined as storms, hurricanes, fires, floods, and other large losses in which VetCor services are performed. (Franchise Agreement, Section 11.10)

Advertising

*Our obligation*. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which will be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

*Your own advertising material*. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond within 14 days of submission, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

*Advertising Council*. We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Local or Regional Advertising Cooperatives.* We do not currently have any local or regional advertising cooperatives. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its franchise agreement). The amount you must contribute to the cooperative will be determined by vote of the members, but not less than 1% of Collected Gross Revenue. There is no minimum or maximum on the contribution determined by the co-op. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. If our outlets have controlling voting power, there is no minimum or maximum on fees that could be imposed. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged. (Franchise Agreement, Section 9.4)

*Marketing Fund*. You and all other franchisees must contribute to our Marketing Fund. Your contribution is 1% of Collected Gross Revenue per month. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited financial statements for the Marketing Fund available biannually or upon request.

We (or our designee, which might be a corporate subsidiary or an advertising agency or consulting firm) will maintain and administer the Marketing Fund, as follows:

A. We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Marketing Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the Marketing Fund.

B. The Marketing Fund, and all contributions to and earnings from the Marketing Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System. This includes the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; developing and maintaining our website; employing advertising or public relations agencies, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing marketing materials and services to the VetCor businesses operated under the System. Monies in the Marketing Fund will not be principally used to solicit the sale of franchises, except for any maintenance to the franchise sales area of our Website.

C. All sums you pay to the Marketing Fund will be maintained in an account separate from our other monies. The Marketing Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the Marketing Fund. We will have the right to charge the Marketing Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Marketing Fund and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, associated overhead, advertising, merchandising, marketing programs). The Marketing Fund and its earnings will not otherwise inure to our benefit.

D. If all of the money in the Marketing Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund will not be terminated, however, until all monies in the Marketing Fund have been spent for advertising purposes. (Franchise Agreement, Section 9.3)

In our previous fiscal year ended December 31, 2023, we collected $54,315.5 in Marketing Fund contributions from franchisees. We contributed an additional $1,806.50 to the Marketing Fund in 2023. The Marketing Fund spent the entirety of the franchisee contributions and the amount we contributed on franchisee marketing consultant services, social media marketing, website maintenance, marketing creation, and marketing support services.

*Grand Opening.* You must spend between $3,000 and $6,000 to conduct Grand Opening advertising in your territory. You can expend any additional amounts you wish on Grand Opening advertising and we estimate that you will do so. You be required to spend, at minimum, $1,500 in

the four weeks before and $1,500 in the four weeks after your opening date ($3,000 in total). (Franchise Agreement, Section 9.6).

*Required spending*. After you open, you must spend at least 1% of Collected Gross Revenue each month on marketing your business. (Franchise Agreement, Section 9.5)

*Internet Marketing*. We will host and maintain an independent webpage for the Franchised Business at an Internet address that we specify. We will provide and maintain this webpage using a standard template. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, username, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of your business. You agree not to transmit, or cause any other party to transmit, advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VOIP, streaming media, or other electronic media that currently exists or may exist in the future without first obtaining our written consent as to: (1) the content of the advertisements or solicitations; and (2) the type of media intended to be used. All telephone answering messages, email auto-signatures, and other identifiers of your business must be in the form we prescribe. If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures we issue with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that we may prescribe. We will provide you with Facebook/Facebook Ads Manager, Instagram and Google pages created, owned and audited by us. You shall comply with our standards for the System, as set forth in the Manual or otherwise, with regard to our authorization to use, and the use of, blogs, common social networks (including Facebook, Instagram and Pinterest), professional networks (including LinkedIn), live blogging tools (including Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools that in any way reference the Marks or involve the System or your business. (Franchise Agreement, Section 9.8)

Computer Systems

We require you to purchase computer systems and software as follows:

PSA Enterprise Resource Planning System

Xactware

Symbility

Mica

Microsoft Office Suite of Products

QuickBooks Online

In addition to the primary Operating System, you must have a basic computer/laptop to use exclusively in connection with your Computer System that must have: (i) the ability to access high-

speed Internet (wirelessly) twenty-four (24) hours a day; (ii) Windows 10 or newer Windows operating system software installed, along with a Microsoft Office software suite containing Word and Excel; and (iii) the ability to run the accounting/bookkeeping software we designate (if any). The principal functions of the Computer System will be for bookkeeping, creating invoices, preparing materials, and for other general use in connection with the Franchised Business. We do not currently have any minimum requirements regarding the RAM storage that your computer/laptop must have, so long as the hardware you are using can perform the tasks outlined in this Item and the Operating Manuals. You will also need a basic printer to use in connection with your back-office computer/laptop. The computer/laptop you use in connection with the Franchised Business may not be used for any other business purpose. We may modify our System standards and specifications for our Computer System, and may otherwise require you to use any Required Software we designate. You must also secure a phone which must be accessible 24-hours a day, 365-days a year. Operational requirements demand the use of a tablet by field teams (one per team required). The tablet(s) must have internet access.

The system provides management tools and operating systems needed to manage the day-to-day business. These systems will generate or store data such as customer contact data, financial data, insurance data, and customer contact data.

We estimate that these systems will cost between $2,500 and $5,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $250 to $750 depending on the level of support you require from our technology providers.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Training Program

Our training program consists of three phases known collectively as "VetCor Training Academy" as well as an Institute of Inspection, Cleaning, Restoration Certification (IICRC) approved Water Damage Restoration Technician/Applied Structural Drying (WRT/ASD) course (paid by you).

Phase I consists of approximately 7 weeks of virtual training (2 to 3 hours per week). The current training agenda is as follows:

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## Phase I – CLASSROOM TRAINING PROGRAM

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Establishing the Franchised Business (CEO Franchisee training<br>- Team VetCor overview<br>- Paul to discuss entrepreneurship, starting a successful business and how to work with corporate | 4 | 0 | Team VetCor Corporate HQ's |
| - Finance and Accounting, HR, profitability, insurance, best practices | 6 | 0 | Team VetCor Corporate HQ's |
| Marketing and Promotions<br>- Ideal Client<br>- Typical Transaction<br>- Generating Leads<br>- Referrals<br>- Closing Business<br>- Franchisor<br>- Vendors<br>- Insurance Providers Industry Alliances | 8 | 0 | Team VetCor Corporate HQ's |
| Operations and Services<br>- Operational Overview<br>- Services provided<br>- Claim Lifecycle Preferred vendor relationship | 15 | 0 | Team VetCor Corporate HQ's |
| - Individual concerns and workshops. | 2 | 0 | Team VetCor Corporate HQ's |
| Closing remarks | 1 | 0 | Team VetCor Corporate HQ's |
| **TOTALS:** | 36 Hours | 0 Hours | |

The instructional materials for Phase I training consist of a Power Point presentation and other materials, lectures, and discussions.

There is no fee for up to 2 people to attend Phase I training. Franchisee is responsible for travel, lodging, meals (not provided by franchisor), and other out-of-pocket expenses of people attending training. Follow up or subsequent training will incur additional fees.

You (the primary franchisee) must attend Phase I training. You may send any additional people (managers, staff, spouses) to training that you want (up to the maximum described above).

We do not currently require additional training programs or refresher courses, but we have the right to do so. Operations may mandate refresher training based on standards and inspections.

Phase II training consists of approximately 5 days of classroom training. The current Phase II training agenda is as follows:

**Phase II – TECHNICAL TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| - Welcome to Franchise Training<br>- CEO Intro<br>- Small Business Mindset, Grit<br>- Business Capacity<br>Who is the Customer and Customer Service<br>Business Goal Setting | 7.2 | 0 | Team VetCor Corporate HQ's |
| - Check-in / Icebreaker<br>- Marketing<br>- Sales 1000<br>- Marketing and PSA relationships<br>- Lifecycle of a Job and Estimating<br>- TPA Overview and Q&A | 7.2 | 0 | Team VetCor Corporate HQ's |
| - Check-in / Icebreaker<br>- Getting it all done / Seven Spinning Plates<br>- Hiring / interviewing Review<br>- Building your Business<br>- Safety<br>- Training your crews<br>- CAT scaling / overview | 7.2 | 0 | Team VetCor Corporate HQ's |

| | | | |
|---|---|---|---|
| - Check-in / Icebreaker<br>- Check on learning<br>- Q&A<br>- Free Hour (work on your business)<br>- Managing the numbers & profit and loss<br>- Franchise Training Dinner | 7.2 | 0 | Team VetCor Corporate HQ's |
| - Check-in/Icebreaker<br>- How to "Royalties"<br>- EAAS beyond Ramp-up<br>- Validation<br>- 90 Day Business Goal Finalization<br>- 90 Day Ramp-up Review<br>- Survey/Graduation | 7.2 | 0 | Team VetCor Corporate HQ's |
| **TOTALS:** | 36 | 0 | |

Phase II training classes will be scheduled for the two weeks prior to the scheduled graduation/grand opening (as determined in the franchisee project management plan). We reserve the right to vary the length and content of the Phase II training program based on the experience and skill level of any individual attending the training program.

Phase III training consists of approximately 5 days of hands on training. The current Phase III training agenda is as follows:

**Phase III – TECHNICAL TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Proven Jobs and Proven OnSite REFRESHER (Specific Procedures, SLAs to VetCor) | 0 | 5 | Team VetCor Corporate HQ's |
| Claim Lifecycle | 0 | 1 | Team VetCor Corporate HQ's |
| How to receive a call - Claim from a TPA/Carrier/Insured | 0 | 1.5 | Team VetCor Corporate HQ's |
| Site Inspection Procedures, Scope of Work, Sketching Requirements | 0 | 3.5 | Team VetCor Corporate HQ's |
| Selling the Job - Get a signed work authorization | 0 | 1 | Team VetCor Corporate HQ's |

| | | | |
|---|---|---|---|
| Water Restoration Services overview | 0 | 16 | Team VetCor Corporate HQ's |
| Mold Restoration Services overview | 0 | 12 | Team VetCor Corporate HQ's |
| Fire Restoration Services Overview | 0 | 6 | Team VetCor Corporate HQ's |
| Roof Tarping Services Overview | 0 | 3 | Team VetCor Corporate HQ's |
| Tree Removal Services Overview | 0 | 2 | Team VetCor Corporate HQ's |
| Bio Trauma / Crime Scene Clean Up Overview | 0 | 2 | Team VetCor Corporate HQ's |
| Mitigation equipment usage, maintenance, and process | 0 | 1 | Team VetCor Corporate HQ's |
| Process and usage of MICA | 0 | 1 | Team VetCor Corporate HQ's |
| Xactanalysis and Symbility Features and usage | 0 | 1 | Team VetCor Corporate HQ's |
| Popular TPA features and usage | 0 | 1 | Team VetCor Corporate HQ's |
| Vehicle Load Out/Plan/Parking | 0 | 1 | Team VetCor Corporate HQ's |
| **TOTALS:** | 0 | 58 | |

The instructional materials for training consist of video training presentations and other materials, lectures, discussions, exams, and hands-on practical exercises.

Training classes will be led by Mr. Paul Huszar and his supporting corporate staff members. He has over 8 years of experience in our industry, and over 5 years of experience with us or our affiliates.

Follow up or subsequent training will incur additional fees.

You (the primary franchisee), all managers, and technicians must attend Phase II training. You must complete training to our satisfaction before opening your business.

We may require additional training programs or refresher courses. Your Principal Executive must attend a national business meeting or our Annual Reunion for up to 3 days each year in the event that we decide to host a national business meeting.

[*Remainder of page intentionally left blank*]

## Item 12
## TERRITORY

Your Location

You will manage from your small office setting. Your primary office must be located in your territory. You will use most equipment, other than office equipment, from your vehicle, which we recommend you purchase in connection with the operations of the Franchised Business.

If you sign an Area Development Agreement ("ADA") in the form attached as Exhibit C to this disclosure document, we will approve sites for future/additional locations based on our then-current site criteria.

Grant of Territory

Your franchise agreement will specify a territory to be approved by us, which will have a population of approximately 350,000 individuals. The boundaries of your territory will be specified by zip codes, county or city lines, or some other limit and will generally be limited to no more than a 1-hour driving distance from your business headquarters.

Relocation; Establishment of Additional Outlets

You may relocate your business headquarters anywhere in your territory subject to our approval and payment of a relocation fee to us.

You do not have the right to establish additional franchised outlets or expand into additional territory; however, if you (1) meet our then-current criteria for new franchisees, (2) have been in compliance with your franchise agreement at all times since opening your business, (3) have demonstrated your capability to operate a multi-territory franchise successfully, and (4) obtain our agreement then we may grant you the opportunity to establish additional franchised outlets.

Options to Acquire Additional Franchises

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

Protected Territory

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. We grant you a protected Territory. In your territory, we will not establish a VetCor outlet, nor license or franchise another party to establish a VetCor outlet. There are no circumstances that permit us to modify your territorial rights. You do not have exclusivity to the customers in your Territory. Other VetCor Franchisees are not permitted to market directly to customers within your Territory, but they are able to accept direct referrals to customers located in your Territory.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

We may serve customers in your territory and authorize another party to serve customers in your territory, under our VetCor brand. No other VetCor businesses are permitted to market directly into your Territory or solicit customers. Other VetCor businesses may serve customers in your Territory if the customers are derived through direct referrals or if permitted by us. We may serve (or authorize other franchisees to serve) customers in your territory if you are in default; if you are incapable of meeting customer demand in your territory; or for National Accounts, Commercial Accounts or Catastrophic Events claims. We may also serve (or authorize another franchisee to serve) a particular customer in your territory if you fail to serve such customer properly, or if we reasonably believe that you will not properly serve such customer. 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 (i) using our principal trademarks, but only for sales of products or services different from the ones you will offer, and (ii) using trademarks different from the ones you will use. In the circumstances where the franchise agreement does not prohibit us from soliciting or accepting orders from inside your territory, we do not pay any compensation to you. National Accounts and Commercial Accounts are defined as any services requested by or on behalf of insurance carriers, commercial properties. Catastrophic Events are defined as an event such as a storm, hurricane, fire, flood, or other large loss.

Soliciting by You Outside Your Territory

You cannot solicit or market to potential customers outside of your territory, except for solicitations or marketing which are primarily targeted inside the territory and which incidentally reach potential customers outside of the territory. You cannot serve customers outside of your territory without our prior written permission. If you serve customers outside of your territory without our prior written consent, we may impose a fee equal to the greater of $500 or 75% of the amount paid by such customer to you.

You may not use any other channels of distribution to make sales outside of your territory. You may not use any other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your territory. We may withdraw permission at any time.

Rights We Retain

Under the Franchise Agreement, we and our affiliates retain all the rights that we do not specifically grant to you. Among the rights that we retain are the following (the following list is only for purposes of illustration and is not meant to limit our rights):

(1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including VetCor businesses operating under the trademarks and the System selling the Products at any location outside your Territory regardless of their proximity to, or potential impact on, your Territory or VetCor business.

(2) We may serve (or authorize other franchisees to serve) customers in the Territory if you are in default, or if you are incapable of meeting customer demand in the Territory (in our reasonable opinion)

(3) We may serve (or authorize other franchisees to serve) a particular customer in the Territory if you fail to serve such customer properly, or if we reasonably believe that you will not properly serve such customer.

(4) We may establish and license others to establish and operate VetCor businesses outside the Territory.

(5) We may operate and license others to operate businesses anywhere that do not operate under the VetCor brand name.

(6) We may operate and authorize other franchisees to perform work within your Territory as a result of a National Account, Commercial Account or Catastrophic Event. We will also negotiate and enter into all agreements for National Accounts, Commercial Accounts and Catastrophic Events claims with insurance companies and customers; handle all invoicing and collections for National Accounts, Commercial Accounts and Catastrophic Events claims and remit payment to you after withholding our fees and those due to third-parties.

(7) We may be acquired (regardless of the form of transaction) by a business identical or similar to VetCor, even if the other business operates, franchises and/or licenses competitive businesses within your Territory.

(8) We may engage in any other business activities not expressly prohibited by the Franchise Agreement, both within and outside your Territory.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

## Item 13
## TRADEMARKS

Under the Franchise Agreement and your payment of Royalties, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. The ADA does not grant you the right to use the Marks or the System.

Principal Trademark

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate, VetCor Intelligence, LLC. They are registered on the principal register of the United States Patent and Trademark Office.

| Trademark | Registration Date | Registration Number |
|---|---|---|
| VetCor | August 27, 2019 | 5845163 |
| VetCor/Vet Cor logo | August 27, 2019 | 5845162 |

Because the federal trademarks are less than six years old, no affidavits are required at this time. The registrations have not yet been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

We have signed a co-existence agreement with an existing trademark holder, Vet Corps Contracting, Inc, who has permitted us to use the trademark unconditionally nationwide. Neither party to the co-existence agreement may terminate or cancel its consent unless the other party loses its right to its respective federally registered trademark.

Except for this, there are no currently effective agreements that significantly limit our rights to use or license the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

## Item 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management, and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards, and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operating Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

## Item 15
## OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Participation

You are required to participate personally in the direct operation of your business.

If you are the sole owner of the business, then you are deemed the "Principal Executive." If the business is owned through a corporation or limited liability company, you must designate one person as your "Principal Executive." The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to Exhibit B).

"On-Premises" Supervision

When your business performs services for a customer, you are not required to conduct "on-premises" supervision of your business personally. However, we recommend on-premises supervision by you.

There is no limit on whom you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

## Item 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and perform all services that we periodically require for VetCor Businesses, and you are not permitted to offer any products or services that we have not approved. All suppliers, products and services approved by us must be offered for sale on a continuous basis from your VetCor Business at the time and in the manner required by us. No sale of any product or service except those products and services from approved suppliers may be solicited, accepted or made at or from your VetCor Business. If requested by us with at least 30 days' notice, the marketing of a product or service may be discontinued. If we notify you that a specific product or supplier is no longer approved, you must immediately stop purchasing that product and/or stop purchasing and/or refrain from further contracts with that supplier. Our System standards may regulate required and authorized vendors, products and services and product and service categories. We periodically may change required and/or authorized vendors, products and services and product and service categories. There are no limitations on our rights to make changes to the required services and products offered by you.

We do not restrict your access to customers, except that all sales must be made to customers in your territory.

## 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.**

| Provision | Section in the franchise or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term | § 3.1 | 10 years from the date of the franchise agreement. |
| b. Renewal or extension of the term | § 3.2 | You may obtain a successor franchise agreement for up to two additional 10-year terms. |
| c. Requirements for a franchisee to renew or extend | § 3.2 | For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for additional terms. You may be asked to sign |

| | | |
|---|---|---|
| | | a contract with materially different terms and conditions than your original contract.<br>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; conform your business to then-current standards for new franchisees; sign then-current form of the franchise agreement and related documents (including personal guaranty); sign a general release (unless prohibited by applicable law) and pay a $5,000 renewal fee. (subject to state law) |
| d. Termination by franchisee | § 14.1 | If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. (subject to state law) |
| e. Termination by franchisor without cause | Not Applicable | Not Applicable |
| f. Termination by the franchisor with cause | § 14.2 | We may terminate your franchise agreement for cause, subject to any applicable notice and cure opportunity. |
| g. "Cause" defined--curable defaults | § 14.2 | Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure). |
| h. "Cause" defined--non-curable defaults | § 14.2 | Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our audit or evaluation; cease operations for more than 15 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of a felony, or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured. |
| i. Franchisee's obligations on termination/non-renewal | §§ 14.3 – 14.6 | Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; |

| | | |
|---|---|---|
| | | cease doing business; remove identification; purchase option by us. |
| j. Assignment of the agreement by franchisor | § 15.1 | Unlimited |
| k. "Transfer" by franchisee - defined | Article 1 | For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business. |
| l. Franchisor's approval of the transfer by franchisee | § 15.2 | No transfers without our approval. |
| m. Conditions for franchisor's approval of transfer | § 15.2 | Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes the training program; you sign a general release; business complies with then-current system specifications. |
| n. Franchisor's right of first refusal to acquire franchisee's business | § 15.5 | If you want to transfer your business (other than to your spouse, sibling, or child), we have a right of first refusal. |
| o. Franchisor's option to purchase franchisee's business | Not Applicable | Not Applicable |
| p. Death or disability of franchisee | §§ 2.4, 15.4 | If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months. |
| q. Non-competition covenants during the term of the franchise | § 13.2 | Neither you, any owner of the business, or any spouse of an owner may have an ownership interest in, or be engaged or employed by, any competitor. |
| r. Non-competition covenants after the | § 13.2 | For two years, no ownership or employment by a competitor operating in your former territory or the territory of any |

| | | |
|---|---|---|
| franchise is terminated or expires | | other VetCor business operating on the date of termination. |
| s. Modification of the agreement | § 18.4 | No modification or amendment of the franchise agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications. |
| t. Integration/merger clause | § 18.3 | Only the terms of the franchise agreement and other written agreements are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. However, no claim made in any franchise agreement is intended to disclaim the express representations made in this Disclosure Document. |
| u. Dispute resolution by arbitration or mediation | § 17.1 | All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law). |
| v. Choice of forum | §§ 17.1; 17.5 | Arbitration will take place where our headquarters is located (currently, Tampa, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law). |
| w. Choice of law | § 18.8 | Florida (subject to applicable state law) |

| **Provision** | **Section in Area Development Agreement** | **Summary** |
|---|---|---|
| a. Length of the franchise term | §3 | 5 years for development rights depending on the agreement and the number of VetCor businesses. |
| b. Renewal or extension of the term | §5 | There is no renewal period. Upon expiration you may enter into our then-current area development agreement, subject to our approval. |

| | | |
|---|---|---|
| c. Requirements for franchisee to renew or extend | Not Applicable | No express renewal requirements or right are provided for in the Development Agreement. |
| d. Termination by franchisee | Not Applicable | No unilateral franchisee termination right is provided by the Development Agreement; The franchisee retains common law rights to terminate for material breach by us. The Development Agreement permits termination by mutual agreement. |
| e. Termination by franchisor without cause | §§4.3 and 9.1 | The Development Agreement permits the Franchisor to terminate the agreements for cause during their terms and before expiration. Termination of the Development Agreement will not result in termination of any then-existing franchise agreement between you and us. |
| f. Termination by franchisor with cause | §9.2 | The Development Agreement permits the Franchisor to terminate the agreements for cause during their terms and before expiration. |
| g. "Cause" defined--curable defaults | §9 | The Development Agreement does not provide any opportunity to cure defaults thereunder. Franchise Agreements opened under the Development Agreement are subject to the same rights to cure set forth immediately above. |
| h. "Cause" defined--non-curable defaults | §9.2 | We may terminate the Development Agreement immediately upon written notice without providing you an opportunity to cure if any of the following conditions exist or events have transpired: (a) you fail to meet the Development Requirements set forth in Section 4 of your Development Agreement; (b) you or your owners fail to comply with any other provision of your Development Agreement; (c) you or your owners fail to comply with any Development Agreement or Franchise Agreement or any such agreement with any entity that you or your Controlling Person directly or indirectly owns in whole or in part, is terminated by us in accordance with its terms; (d) you and your owners fail to maintain the capacity and necessary skills and experience to meet the Development |

| | | |
|---|---|---|
| | | Requirements and timely develop and operate the businesses required to be opened and operated under this Agreement based upon criteria established by us from time to time; or, (e) the Controlling Person of the Developer under your Development Agreement is not at any time the Controlling Person of all approved entities operating businesses in the Development Area, unless a sale or transfer has been made with our express written consent. |
| i. Franchisee's obligations on termination/non-renewal | §10 | Other than maintaining the confidentiality of our confidential information and trade secrets before and after termination, expiration or nonrenewal, the Development Agreement does not impose any separate or additional obligations upon termination, expiration or nonrenewal other than those set forth above relating to the Franchise Agreement. |
| j. Assignment of agreement by us | §13 | We may assign the Development Agreement without limitation and the assignee or other legal successor to our interests will be entitled to all of the benefits of the Development Agreement. |
| k. "Transfer" by franchisee – defined | §12 | The Development Agreement defines transfers by the franchisee to include assigning, transferring or encumbering the Development Agreement or the development rights provided therein, including the sale, assignment or transfer of the interests of any owner owning more than 19.9% of the equity or ownership interest in an Approved Entity. |
| l. Franchisor's approval of transfer by franchisee | Not Applicable | Not Applicable |
| m. Conditions for franchisor's approval of transfer | §12 | You cannot assign the 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 | §11 | You, or your owners, may not engage in any activity which may impair your ability to fulfil your obligations during the term of the Development Agreement without our prior written consent, which may be withheld in our sole and absolute discretion. |
| r. Non-competition covenants after the franchise is terminated or expires | Not Applicable | Not Applicable |
| s. Modification of the agreement | Not Applicable | Not Applicable |
| t. Integration/merger clause | §18 | Nothing in the Development Agreement or in any related agreement is intended to disclaim the representations we made in any franchise disclosure document we delivered to you in connection with the Development Agreement. |
| u. Dispute resolution by arbitration or mediation | §19 | The Development Agreement requires disputes to be submitted first to mediation in Florida and then to binding arbitration in Florida. There is an exception permitting claims for temporary or preliminary injunctive relief to be asserted in state or federal courts in or over Hillsborough County, Florida to prevent irreparable harm pending arbitration. The arbitrator has no authority to award punitive damages. These provisions are subject to applicable state law. |
| v. Choice of forum | §19.1 | Arbitration will take place where our headquarters is located (currently, Tampa, Florida) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law). |
| w. Choice of law | §19.3 | Florida (subject to applicable state law) |

## Item 18
## PUBLIC FIGURES

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

## 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) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

This Item sets forth certain historical data submitted by our 10 franchisee-owned locations. The information presented is from the franchisees' unit's operating from January 1, 2023 through December 31, 2023 (the "Measurement Period"). Below is a list of all franchisee-owned locations open and operational during the Measurement Period.

| Name | Address | Year opened |
|---|---|---|
| VetCor of Norcross | 1394 Indian Trail-Lilburn Road, Suite 100, Norcross, GA 30093 | 2020 |
| VetCor of Pinellas County | 1327 Sunset Court, Tarpon Springs, FL 34689 | 2020 |
| VetCor Sarasota | 1800 Northgate Blvd., Unit A-3, Sarasota, FL 34234 | 2021 |
| VetCor Hampton Road | 151 Kristiansand Drive, Suite 107, Williamsburg, VA 23188 | 2021 |
| VetCor Central Texas | Denton Center, 2201 Denton Drive, Austin, TX 75758 | 2021 |
| VetCor BlueGrass | 701 E 4th, Unit 120, Lexington, KY 40511 | 2022 |
| VetCor of Miami Valley | 1392 Vicki Lane, Lebanon, OH 45036 | 2022 |

### Financial Performance of all Franchisee-Owned Locations

| Franchisee | Gross Sales During the Measurement Period | Number of Territories Owned |
|---|---|---|
| VetCor of Norcross | $159,262 | 1 |
| VetCor Hampton Road | $893,804 | 1 |
| VetCor BlueGrass | $342,796 | 1 |
| VetCor Sarasota | $850,587 | 2 |

| | | |
|---|---|---|
| VetCor of Pinellas County | $1,553,222 | 2 |
| VetCor Central Texas | $174,205 | 3 |
| VetCor of Miami Valley | $219,799 | 1 |

**The combined performance of the Franchisee-Owned Locations during the Measurement Period**

| Average | Low | High | Median | Percentage that achieved or exceeded the Average |
|---|---|---|---|---|
| $599,096 | $159,262 | $1,553,222 | $342,796 | 43% |

**Explanatory Notes**

1. Gross Sales means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.
2. We suggest strongly that you conduct an independent investigation and consult your attorney and financial advisor concerning this investment before you sign any agreement with us.
3. This information in this Item 19 is not audited.
4. Written substantiation of the data used in preparing this information will be provided upon reasonable request.
5. **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

Other than the preceding financial performance representation, VetCor Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Huszar, 7707 S O'Brien St., Tampa, FL 33616, and (844) 838-2671, the Federal Trade Commission, and the appropriate state regulatory agencies.

[*Remainder of page intentionally left blank*]

## Item 20
## OUTLETS AND FRANCHISEE INFORMATION
### Table 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 | 12 | 20 | +8 |
| | 2022 | 20 | 22 | +2 |
| | 2023 | 22 | 12 | -10 |
| Company-Owned | 2021 | 2 | 1 | -1 |
| | 2022 | 1 | 1 | 0 |
| | 2023 | 1 | 3 | +2 |
| Total Outlets | 2021 | 14 | 21 | +7 |
| | 2022 | 21 | 23 | +2 |
| | 2023 | 23 | 15 | -8 |

### Table 2
### Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
### For years 2021 to 2023

| State | Year | Number of Transfers |
|---|---|---|
| Florida | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| Total | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |

### Table 3
### Status of Franchised Outlets
### For years 2021 to 2023

| State | Year | Outlets at the Start of the Year | Outlets Opened | Termi-Nations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at the end of the Year |
|---|---|---|---|---|---|---|---|---|
| Alabama | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2021 | 11 | 2 | 0 | 0 | 0 | 0 | 13 |
| | 2022 | 13 | 1 | 0 | 0 | 0 | 0 | 14 |
| | 2023 | 14 | 0 | 8 | 0 | 2 | 0 | 4 |
| Georgia | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kentucky | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| New York | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ohio | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Texas | 2021 | 0 | 4 | 0 | 0 | 0 | 0 | 4 |
| | 2022 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 1 | 0 | 0 | 0 | 3 |
| Virginia | 2021 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Totals | 2021 | 12 | 8 | 0 | 0 | 0 | 0 | 20 |
| | 2022 | 20 | 3 | 0 | 0 | 0 | 1 | 22 |
| | 2023 | 22 | 1 | 9 | 0 | 2 | 0 | 12 |

**Table 4**
**Status of Company-Owned Outlets**
**For years 2021 to 2023**

| State | Year | Outlets at the Start of the Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at the end of the Year |
|---|---|---|---|---|---|---|---|
| Florida | 2021 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 0 | 0 | 3 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Totals | 2021 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 2 | 0 | 0 | 0 | 3 |

**Table 5**
**Projected Openings as of December 31, 2023**

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlets in The Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Alabama | 0 | 1 | 0 |
| Florida | 1 | 3 | 0 |
| Georgia | 0 | 2 | 0 |
| Texas | 0 | 1 | 0 |
| Virginia | 0 | 1 | 0 |
| Totals | 1 | 8 | 0 |

Current Franchisees

Exhibit G contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit G contains the name, city, state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## Item 21
## FINANCIAL STATEMENTS

Exhibit E contains our audited financial statements for the fiscal years ending December 31, 2023, December 31, 2022 and December 31, 2021. Our fiscal year end is December 31.

## Item 22
## CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Area Development Agreement
D. Form of General Release
I. State Addenda to Franchise Agreement

## Item 23
## RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

## Exhibit A

## STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

| State | State Administrator | Agent for Service of Process (if different from State Administrator) |
|---|---|---|
| California | Commissioner of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>2101 Arena Boulevard<br>Sacramento, CA 95834<br>866-275-2677 | |
| Hawaii | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Commissioner of Securities<br>P.O. Box 40<br>Honolulu, HI 96810<br>(808) 586-2722 | Commissioner of Securities<br>Department of Commerce and Consumer Affairs<br>Business Registration Division<br>Securities Compliance Branch<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| Illinois | Franchise Bureau<br>Office of Attorney General<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | |
| Indiana | Franchise Section<br>Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 W. Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681 | |
| Maryland | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Commissioner of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020 |
| Michigan | Michigan Attorney General's Office<br>Consumer Protection Division<br>Attn: Franchise Section<br>525 W. Ottawa Street<br>Williams Building, 1st Floor<br>Lansing, MI 48933 | |

| | | |
|---|---|---|
| | (517) 373-7117 | |
| Minnesota | Minnesota Department of Commerce<br>Securities-Franchise Registration<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1600 | Commissioner of Commerce<br>Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1600 |
| New York | New York State Department of Law<br>Investor Protection Bureau<br>28 Liberty St. 21st Floor<br>New York, NY 10005<br>212-416-8222 | Secretary of State<br>99 Washington Avenue<br>Albany, NY 12231 |
| North Dakota | North Dakota Securities Department<br>600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | Securities Commissioner<br>North Dakota Securities Department<br>600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 |
| Rhode Island | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue<br>John O. Pastore Complex–69-1<br>Cranston, RI 02920-4407<br>(401) 462-9527 | |
| South Dakota | Division of Insurance<br>Securities Regulation<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563 | Director of the Division of Insurance<br>124 South Euclid Suite 104<br>Pierre, SD 57501-3185<br>(605) 773-3563 |
| Virginia | State Corporation Commission<br>1300 East Main Street<br>9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of the State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219 |
| Washington | Department of Financial Institutions<br>Securities Division<br>PO Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 | Department of Financial Institutions<br>Securities Division<br>150 Israel Rd SW<br>Tumwater, WA 98501<br>(360) 902-8760 |
| Wisconsin | Division of Securities<br>Department of Financial Institutions<br>Post Office Box 1768<br>Madison, WI 53701<br>(608) 266-2801 | Securities And Franchise Registration<br>Wisconsin Securities Commission<br>201 West Washington Avenue, Suite 300<br>Madison, WI 53703 |

# Exhibit B

# FRANCHISE AGREEMENT

# FRANCHISE AGREEMENT

| SUMMARY PAGE | |
|---|---|
| **1. Franchisee (Company Name)** | _____ |
| **2. Franchise Description** | _____ |
| **3. Initial Franchise Fee** | _____ |
| **4. Business Location** | _____ |
| **5. Territory #1** | _____ |
| **6. Opening Deadline** | _____ |
| **7. Principal Executive** | _____ |
| **8. Franchisee's Address** | _____ |
| **9. Unit Name and Number** | _____ |
| **10. Branch of Service** | _____ |

# FRANCHISE AGREEMENT

This Agreement is made between VetCor Franchising, LLC, a Florida limited liability company ("we," "us," "VetCor Franchising," or "Franchisor"), and the person(s) or entity identified on the Summary Page to this Agreement ("you," "your," or "Franchisee") as of the Effective Date (as stated on the Summary Page).

## Background Statement:

A. Franchisor and its affiliate VetCor, LLC have created and own a system (the "System") for developing and operating a business that provides drying, cleaning, painting, repair, mitigation, remediation, construction and replacement services and subcontracting services to insurance companies, businesses and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold or other casualties, including purification, cleaning and odor removal services and products as well as emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services to businesses and residential clients under the trade name "VetCor" (the "Services")

B. The System includes (1) methods, procedures, and standards for developing and operating a VetCor business, (2) particular products and services, (3) the Marks, (4) training programs, (5) business knowledge, (6) marketing plans and concepts, and (7) other mandatory or optional elements as determined by Franchisor from time to time.

C. The parties desire that Franchisor license the Marks and the System to Franchisee for Franchisee to develop and operate a VetCor business on the terms and conditions of this Agreement.

## ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Approved Vendor**" means a supplier, vendor, or distributor of Inputs which has been approved by Franchisor.

"**Business**" means the VetCor business owned by Franchisee and operated under this Agreement.

"**Collected Gross Revenue**" means the total revenue collected from or through the Business for a given period, including, but not limited to, invoiced amounts for any services or products sold by Franchisee, whether for cash or credit. Collected Gross Revenue does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, (iv) network referral fees, or (v) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Collected Gross Revenue).

"**Competitor**" means any business which offers disaster restoration work, the same as or similar to those offered through the Business, which include, but are not limited to providing emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services.

"**Confidential Information**" means all non-public information pertaining to the System, Franchisor, and any VetCor business. This includes all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how. Additionally, any information specifically designated as confidential by the Franchisor is also to be considered as "Confidential Information".

**"Force Majeure"** means (a) transportation shortages, inadequate supply of equipment, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; (f) pandemics or epidemics; or (g) any other similar event or cause; provided, however, force majeure shall not include Franchisee's lack of adequate financing. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of amounts or fees thereafter, and as soon as performance is possible the non-performing party shall immediately resume performance. The ability to invoke this clause is conditioned upon delivery of written notice to the other party stating the basis for such invocation as soon as reasonably practical – in no event longer than ten (10) days – after learning of the basis. The party invoking this clause shall use reasonable efforts to limit damages to the other party.

**"Franchise Operations Manual**" means Franchisor's confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

"**Location**" means the location stated on the Summary Page.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Franchisor's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Marketing Fund**" means the fund established (or which may be established) by Franchisor into which Marketing Fund Contributions are deposited.

"**Marks**" means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Franchisor from time to time for use in a VetCor business.

"**National and Commercial Accounts**" means any services requested by or on behalf of insurance carriers, commercial properties. Any dispute as to whether a particular account is a National Account or Commercial Account shall be determined by Franchisor in its sole discretion.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which Franchisor requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Franchisor, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design, equipment, inventory, marketing and public relations, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated on the Summary Page.

"**Transfer**" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sale, or disposal of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) direct or indirect ownership interest of more than twenty-five percent (25%) of the Business, or (iv) control of the Business by the Franchisee or any Owner.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** Franchisor grants to Franchisee the right to operate a VetCor business solely in the Territory. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Article 6.1. Franchisee shall develop, open and operate a VetCor business at the Location for the entire term of this Agreement. The parties acknowledge that Franchisee must operate the Franchised Business to meet Franchisor's minimum System Standards, but that the means of satisfying the System Standards are left to the control and discretion of Franchisee.

## 2.2 Protected Territory.

(a) Limitation. Franchisee shall not solicit or market to potential customers outside of the Territory, except for (i) solicitations or marketing which are primarily targeted inside the Territory and which incidentally reach potential customers outside of the Territory, and (ii) with VetCor Franchising's prior written consent when working with another franchisee as a result of a Catastrophic Event.

(b) Service. Franchisee shall not serve customers outside of the Territory without VetCor Franchising's prior written permission. VetCor Franchising may withdraw permission at any time. If Franchisee serves a customer outside of the Territory without VetCor Franchising's prior written permission, VetCor Franchising may impose a fee equal to the greater of (i) five hundred dollars ($500) or (ii) seventy-five percent (75%) of the amount paid by such customer to Franchisee. This fee is a reasonable estimate of VetCor Franchising's internal cost of personnel time attributable to addressing Franchisee's breach of this Section, and it is not a penalty or estimate of all damages arising from Franchisee's breach. This fee is in addition to all of VetCor Franchising's other rights and remedies.

(c) Territory. VetCor Franchising shall not establish, nor license the establishment of, another VetCor business within the Territory or which serves customers located in the Territory. However, VetCor Franchising retains the right to:

(i) own, acquire, establish, and/or operate and license others to establish and operate businesses, including VetCor businesses operating under the trademarks and the System selling the Products at any location outside your Territory regardless of their proximity to, or potential impact on, your Territory or VetCor business;

(ii) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default, or if Franchisee is incapable of meeting customer demand in the Territory (in VetCor Franchising's reasonable opinion);

(iii) serve (or authorize other franchisees to serve) a particular customer in the Territory if Franchisee fails to serve such customer properly, or if VetCor Franchising reasonably believes that Franchisee will not properly serve such customer;

(iv) establish and license others to establish and operate VetCor businesses outside the Territory;

(v) operate and license others to operate businesses anywhere that do not operate under the VetCor brand name;

(vi) operate and authorize other franchisees to perform work within Franchisee's Territory as a result of a National Account, Commercial Account and/or Catastrophic Event;

(vi) sell and license others to sell VetCor products and services to customers in the Territory through channels of distribution (including the internet) so long as such products and services are not provided through a VetCor outlet in the Territory, and are different from the products and services provided by Franchisee;

(vii) be acquired (regardless of the form of transaction) by a business identical or similar to VetCor, even if the other business operates, franchises and/or licenses competitive businesses within your Territory; and

(viii) engage in any other business activities not expressly prohibited by this Agreement, both within and outside your Territory.

(d) Policies. VetCor Franchising may set policies binding on all franchisees regarding soliciting, marketing, and serving customers in another franchisee's territory, and VetCor Franchising may waive or modify such policies in any circumstance as VetCor Franchising determines. If Franchisee obtains a customer in the protected territory of another franchisee, then, in addition to all other rights and remedies VetCor Franchising may have, VetCor Franchising may in its discretion (i) require Franchisee to transfer the customer to such other franchisee, (ii) require Franchisee to pay such other franchisee seventy-five percent (75%) of the invoiced amount of Collected Gross Revenue from such customer, or (iii) fashion such other remedy as VetCor Franchising deems appropriate.

(e) Referrals. VetCor Franchising may set policies binding on all franchisees regarding referral fees (and other terms and conditions) when a customer is referred from one VetCor business to another. VetCor Franchising may waive or modify such policies in any circumstance as VetCor Franchising determines.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each Owner, officer, and director of Franchisee, and (ii) describes the nature and extent of each Owner's interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify VetCor Franchising within ten (10) days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the "Principal Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least ten percent (10%) ownership interest in Franchisee. The Principal Executive must participate in the direct operation of the Business and must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to VetCor Franchising's reasonable approval.

**2.5 Guarantee of Performance.**

(i) All of your Owners, and each of their spouses, if applicable, shall jointly and severally personally guarantee your payment and performance under this Agreement and personally bind themselves to the terms of this Agreement pursuant to the attached Guarantee, Indemnification and Acknowledgement

("Guarantee"). Unless you are a publicly held entity, all of your officers, directors, limited liability company managers and their spouses, if applicable, also shall jointly and severally guarantee your payment and performance under this Agreement and bind themselves to the terms of this Agreement pursuant to the attached Guarantee (Attachment 2). Notwithstanding the foregoing, we reserve the right, in our sole discretion, to waive the requirement that some or all of the previously described individuals sign the attached Guarantee. We also reserve the right to require any guarantor to provide personal financial statements to us from time to time.

(ii) With respect to your Owners, you acknowledge that, unless otherwise agreed to in writing by us, it is our intent to have individuals (and not corporations, limited liability companies or other entities) sign the Guarantee. Accordingly, if any Owner is not an individual, we shall have the right to require individuals who have only an indirect ownership interest in you to sign the Guarantee. (By way of example, if an Owner is a corporation, we have the right to require individuals who have an ownership interest in that corporation to sign the Guarantee.)

**2.6 No Conflict.** Franchisee represents to VetCor Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

## ARTICLE 3. TERM

**3.1 Initial Term.** Unless terminated sooner as provided in this Agreement, the initial term of this Agreement (the "Initial Term") commences of the Effective Date and continues for ten (10) years.

**3.2 Successor Agreement.** When the Initial Term of this Agreement expires, Franchisee may enter into a successor agreement for up to two (2) additional periods of ten (10) years each (each a "Renewal Term") if Franchisee is in substantial compliance with the terms of this Agreement. The qualifications and conditions for the first Renewal Term are described below. The qualifications and conditions for the second Renewal Term will be described in the form of renewal franchise agreement signed upon the expiration of this Agreement.

**3.3 Conditions for a Renewal Term**. In order to be eligible for a Renewal Term, you must meet the following conditions:

(i) You must give us written notice of your election to remain a franchisee for the first Renewal Term between ninety (90) and one hundred eighty (180) days prior to the end of the Initial Term;

(ii) You must not be in default under this Agreement or any other agreements with us and/or our affiliates; you must not be in default beyond the applicable cure

period under any real estate lease, equipment lease or financing instrument relating to the Franchised Business; you must not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the twelve (12) months before the date of your renewal notice and the twelve (12) months before the expiration of the Initial Term, you must not have been in default beyond the applicable cure period under this Agreement or any other agreements with us and/or our affiliates;

(iii) You must make the capital expenditures required to renovate and modernize the Franchised Business to conform to the interior and exterior designs, décor, color schemes, furnishings and equipment and presentation of the Marks consistent with the image of the System for the new VetCor businesses at the time you provide the renewal notice, including such structural changes, remodeling, redecoration and modifications to existing improvements as may be necessary to do so;

(iv) You must present satisfactory evidence to us that you have the right to remain in possession of the Premises, or other premises acceptable to us, for the Renewal Term and all monetary obligations owed to your landlord, if any, must be current;

(v) You must be operating the Franchised Business in full compliance with all federal, state and local laws and regulations and you must demonstrate that you are able to maintain all licenses and permits necessary to continue to operate the Franchised Business for the Renewal Term;

(vi) Franchisee and each Owner executes a general release (on Franchisor's then-standard form) of any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, agents and employees; and

(vii) You pay us a renewal fee at least fifteen (15) days prior to the expiration of the Term of this Agreement in an amount equal to five thousand dollars ($5,000) (the "Renewal Fee").

Your failure to sign the renewal franchise agreement and general release and return these documents to us with the Renewal Fee prior to the expiration of the Initial Term will be deemed an election by you not to exercise your right to remain a franchisee for the Renewal Term and will result in the expiration of this Agreement and the franchise granted by this Agreement at the end of the Initial Term.

## ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Except as otherwise provided in any Area Development Agreement ("ADA") between you and us, you agree to pay us, upon execution of this Agreement, a nonrecurring and non-refundable initial franchise fee ("Initial Franchise Fee") in the amount stated on the Summary Page. This initial franchise fee is not refundable. If you execute this Agreement

pursuant to an ADA between us and you or your affiliate, the development fee paid to us in connection with the execution of such ADA will be applied in full satisfaction (for the first VetCor business) of the Initial Franchise Fee as set forth in the ADA.

**4.2 Software Fee.** Franchisee shall pay VetCor Franchising, upon execution of this Agreement, a non-refundable software fee of six hundred sixty-eight dollars ($668).

**4.3 Royalty Fee.** Franchisee shall pay VetCor Franchising, in the manner provided in Article 4.8, a monthly royalty fee (the "Royalty Fee") on a cash collections as follows:

(a) four precent (4%) of Collected Gross Revenue from general construction and/or build back services; and

(b) seven percent (7%) of Collected Gross Revenue from any and all other services performed by or on behalf of the Franchised Business including, but not limited to, drying, cleaning, painting, repair, mitigation, remediation, construction and replacement services and subcontracting services to insurance companies, emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services.

The Royalty Fee for any given month will be invoiced on the fifth (5th) day of the following month and must be paid, in the manner provided in Article 4.8, five (5) days following the issuance of our invoice. If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

**4.4 Marketing Fund Contribution.**

(a) Marketing Fund Contribution. Franchisee shall pay VetCor Franchising a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to one percent (1%) of Franchisee's Collected Gross Revenue (or such lesser amount as VetCor Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Collected Gross Revenue (or other amount) determined by the Market Cooperative.

**4.5 Replacement/Additional Training Fee.** If Franchisee sends an employee to VetCor Franchising's training program after opening, VetCor Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is five hundred dollars ($500) per day.

**4.6 Third Party Vendors.** If VetCor Franchising requires Franchisee to use a designated third-party vendor, VetCor Franchising has the right (but not the obligation) to collect payment on behalf of the vendor and remit the payment to the vendor. If VetCor Franchising does so, it may impose a reasonable markup or charge for administering the payment program.

**4.7 Non-Compliance Fee.** VetCor Franchising may charge Franchisee five hundred dollars ($500) for any instance of non-compliance with the System Standards or this Agreement (other

than Franchisee's non-payment of a fee owed to VetCor Franchising) which Franchisee fails to cure after thirty (30) days' notice. Thereafter, VetCor Franchising may charge Franchisee two hundred fifty dollars ($250) per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of VetCor Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of VetCor Franchising's other rights and remedies (including default and termination under Section 14.2).

**4.8 Reimbursement.** VetCor Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If VetCor Franchising does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to VetCor Franchising within fifteen (15) days after invoice by VetCor Franchising accompanied by reasonable documentation.

**4.9 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to VetCor Franchising by electronic funds transfer ("EFT") or other automatic payment mechanism as VetCor Franchising may require. Promptly upon VetCor Franchising's request, Franchisee shall execute and deliver to Franchisor the EFT payment form attached to this Agreement as Attachment 4 and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Royalty Fees and other sums payable under the terms of this Agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date. We reserve the right to require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Agreement.

(b) Calculation of Fees. Franchisee shall report monthly Collected Gross Revenue to VetCor Franchising by the 2nd day of the following month. If Franchisee fails to report monthly Collected Gross Revenue, then VetCor Franchising may (i) charge Franchisee a fifty dollars ($50) late fee and (ii) withdraw estimated Royalty Fees and Marketing Fund Contributions equal to one hundred twenty-five percent (125%) of the last Collected Gross Revenue reported to VetCor Franchising, and the parties will true-up the actual fees after Franchisee reports Collected Gross Revenue. Franchisee acknowledges that VetCor Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Collected Gross Revenue.

(c) Correction of Collected Gross Revenue Reports. Upon withdrawal of funds 5 business days following the 5th of the month, Franchisee shall have fourteen (14) days from the date Franchisor withdraws any amounts due under Sections 4.2 (Royalty) or 4.3 (Marketing Fund Contribution) to notify Franchisor about any accounting errors made by Franchisee, or any third party retained by Franchisee for accounting related matters. If Franchisee notifies Franchisor, in writing, of such accounting errors during this time period and the accounting errors are valid, Franchisor shall adjust all amounts due in the next month's collections. If Franchisee fails to notify Franchisor, in writing, of such accounting errors within this time period, Franchisor shall have the right to calculate all fees owed based solely on the reports as required in Section 4.8(b) of this Agreement, subject to Franchisor's right to audit Franchisee's accounts as stated in Section 10.5 of this Agreement.

(d) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a one hundred dollar ($100) "late fee" plus interest on the unpaid amount at a rate equal to eighteen percent (18%) per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(e) Insufficient Funds. VetCor Franchising may charge thirty dollars ($30) for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law). This provision does not permit or excuse late payments. You agree that such fee is in addition to any other rights or remedies we may have under this Agreement or at law.

(f) Costs of Collection. You must pay to us on demand any and all collection costs and expenses (including costs and commissions due a collection agency, costs incurred in creating or replicating reports demonstrating Collected Gross Revenue of the Franchised Business, reasonable attorneys' fees, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing) incurred by us in enforcing the terms of this Agreement, including in collecting any monies owed by you to us.

(g) Application. VetCor Franchising may apply any payment received from Franchisee to any obligation and in any order as VetCor Franchising may determine, regardless of any designation by Franchisee.

(h) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to VetCor Franchising any fees or amounts described in this Agreement are not dependent on VetCor Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(I) Partial Payments. No payment by you or acceptance by us of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payment of a lesser amount than due with an endorsement, statement or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect, and we may accept the partial payment without prejudice to any rights or remedies we may have against you. Acceptance of payments by us other than as set forth in this Agreement shall not constitute a waiver of our right to demand payment in accordance with the requirements of this Agreement or a waiver by us of any other remedies or rights available to us pursuant to this Agreement or under applicable law. Notwithstanding any designation by you, we shall have sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, Marketing Fund Contributions, and other fees or purchases from us or our affiliates, interest or any other indebtedness. We have the right to accept payment from any other entity as payment by you. Acceptance of that payment by us will not result in that other entity being substituted for you.

## ARTICLE 5. ASSISTANCE

**5.1 Operating Manual.** We will loan to you, to use in operating the Franchised Business during this Agreement's term, one copy (or access to an electronic copy) of our franchise operations manual ("Franchise Operations Manual"), which might include audiotapes, videotapes,

computer disks, compact discs and/or written materials. We may provide the Franchise Operations Manual in hard copy format or electronic format, such as USB drive or a password-protected Website. You agree to develop and operate the Franchised Business pursuant to this Agreement and the Franchise Operations Manual, including all directives, requirements, standards, methods of operations, systems and any and all modifications, additions, deletions and changes made to the Franchise Operations Manual from time to time during the term of this Agreement (collectively, "System Standards"), however communicated including, but not limited to intranet system, email, fax, video, verbal or mail. You agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply at your sole cost. The Non-Compliance Fee described in Article 4.6 shall apply to this Article 5.1 if you fail to implement the changes. You agree to keep your copy of the Franchise Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over the contents of the Franchise Operations Manual, the master copy of the Franchise Operations Manual at our office controls. You agree that the contents of the Franchise Operations Manual are confidential and that you will not disclose the Franchise Operations Manual to any person other than Franchised Business employees and/or independent professionals who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Franchise Operations Manual. In the event you require a replacement copy of the Franchise Operations Manual, if a hard copy of the Franchise Operations Manual was provided to you, you agree to pay our then-current replacement fee for the replacement volume of the Franchise Operations Manual.

**5.2 Assistance in Hiring Employees.** VetCor Franchising shall provide its suggested staffing levels to Franchisee. VetCor Franchising shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility. Franchisee acknowledges and understands that VetCor Franchising's suggested staffing levels and guidelines for hiring employees are only suggestions and that Franchisee is responsible for ensuring that it's employment practices comply with federal, state and local laws.

**5.3 Assistance in Training Employees.** VetCor Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Pre-Opening Specifications and Vendors. To the extent not included in the Franchise Operations Manual, VetCor Franchising shall provide Franchisee with (i) applicable System Standards and other specifications as VetCor Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (ii) VetCor Franchising's lists of Approved Vendors and/or Required Vendors.

(b) Business Plan Review. If requested by Franchisee, VetCor Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. Franchisee acknowledges that VetCor Franchising accepts no responsibility for the performance of the Business.

(c) Pre-Opening Training. VetCor Franchising shall make available its standard pre-opening training to the Principal Executive and up to three (3) other employees, at VetCor

Franchising's headquarters. VetCor Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. VetCor Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. VetCor Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

**5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, VetCor Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent VetCor Franchising deems reasonable. If VetCor Franchising provides in-person support in response to Franchisee's request, VetCor Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, VetCor Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. VetCor Franchising will provide Franchisee with VetCor Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. VetCor Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. VetCor Franchising shall manage the Marketing Fund.

(e) Internet. VetCor Franchising shall maintain a website for VetCor, which will include Franchisee's location (or Territory) and telephone number. Franchisee is not permitted to design, host or promote a website that separately promotes the Business. In addition, VetCor Franchising shall have the right, but not the obligation to pre-approve all social media accounts and postings.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Location.** Franchisee is solely responsible for selecting the Location. If the Location is not stated on the Summary Page, then Franchisee shall find a suitable Location that meets VetCor Franchising's System Standards (if any) within the Territory on or before the opening date stated on the Summary Page.

**6.2 Lease.** We have the right to review the terms of the Lease for the Premises before you sign the Lease. The Lease must: (1) in form and substance, be satisfactory to us; (2) be for an aggregate term of (at least) five (5) years in a combination of initial and renewal terms; (3) contain terms and conditions and payments that are commercially reasonable in our opinion; and (4) include any other provisions as we may require from time to time. The Lease shall not contain any covenants or other obligations that would prevent you from performing your obligations under this Agreement. You acknowledge that our review of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a VetCor's business operated at the Premises. Our

review will indicate only whether we believe that the terms of the Lease meet our then-acceptable criteria.

**6.3 Development.**

(i) You assume all cost, liability and expense for developing, constructing and equipping the Franchised Business. We may furnish to you prototypical plans and specifications for a VetCor business, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, security, furnishings, and color scheme. It shall be your responsibility to have prepared all required construction plans and specifications to suit the shape, dimensions and utility requirements of the Premises, and you must ensure that these plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You shall use only registered architects, registered engineers, and professional and licensed contractors (who are reasonably acceptable to us).

(ii) Prior to submission to local authorities, you shall submit proposed construction plans, specifications and drawings for the Franchised Business ("Plans") to us and shall, upon our request, submit all revised or "as built" Plans during the course of such construction. We will approve or reject the Plans and notify you within thirty (30) days after we receive the Plans. Once we have approved the Plans, no substantial change shall be made to the Plans without our prior approval. If, in the course of construction, any such change in the Plans is contemplated, our approval must first be obtained before proceeding. We shall approve or reject Plan changes within ten (10) business days after receipt. We shall not unreasonably withhold our approval of the Plans or revisions to the Plans.

(iii) You are prohibited from beginning site preparation or construction prior to receiving written notification from us that we have approved the Plans, and you, we, and your general contractor have met to review the proposed construction process. You must construct the Franchised Business in accordance with Plans approved by us and must comply in all respects with applicable laws, ordinances and local rules and regulations. You may not open the Franchised Business if construction has not been performed in substantial compliance with Plans approved by us, and we may terminate this Agreement if such non-compliance is not cured within a commercially reasonable amount of time. Once construction has commenced, it shall continue uninterrupted, except for interruption by reason of events constituting Force Majeure, until completed.

**6.4 Acquisition of Necessary Furnishings, Fixtures and Equipment.**

(i) You agree to use in the development and operation of the Franchised Business only the fixtures, furnishings, décor items, supplies, equipment, and signs that we have approved for VetCor's businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You further agree to place or display at the interior and exterior of the Franchised Business only those signs, décor items, emblems, lettering, logos and display materials that we approve in writing from time to time.

(ii) You must purchase or lease approved brands, types or models of fixtures, furnishings, equipment, supplies and signs only from suppliers designated or approved by us,

which may include us or our affiliates. If you propose to purchase, lease or otherwise use any items which have not been approved by us, you must first notify us in writing and, at your sole expense, submit to us upon our request sufficient specifications, photographs, drawings and/or other information or samples for a determination as to whether those items comply with our specifications and standards. We will, in our sole discretion, approve or reject the items and notify you within thirty (30) days after we receive the request.

**6.5 Training.**

(i) Initial Training Program. Before you open your Franchised Business, your Principal Executive must attend and successfully complete our Initial Training Program. You may also bring your Manager to the Initial Training Program at no additional cost. We will hold the Initial Training Program at our corporate offices in Tampa Florida and/or at an operating VetCor business. The Initial Training Program is broken into three phases. A total of up to three (3) people may attend training with no additional fees and is included.

In addition to in-person training, you or your designated representative must successfully complete an Institute of Inspection, Cleaning, Restoration Certification (IICRC) approved Water Damage Restoration Technician/Applied Structural Drying (WRT/ASD) course (at your expense).

We have the right to reduce or extend the duration or content of the Initial Training Program for any trainee based on our assessment of their skill level. After opening the Franchised Business, any employee of yours who assumes a manager position or technician must, within thirty (30) days after assuming such position, attend and successfully complete our Initial Training Program (both Phase I & II). You will be required to pay our tuition fee for training a replacement Managing Owner in the amount of Five Hundred Dollars ($500).

(ii) Training By You. If your Manager does not attend the Initial Training Program, your Principal Executive must conduct the Initial Training Program for your Manager using training materials certified by us. Prior to and after the opening of the Franchised Business, your Principal Executive and/or your Manager shall conduct any additional initial and continuing training programs that we require for all other store employees in the operation of the Franchised Business. We have the right to review your training programs periodically to ensure their quality and to verify that your personnel are being trained in a timely and satisfactory manner. We will notify you of any deficiencies in the training programs and you must promptly cure the deficiencies. You will be responsible for all costs that you incur in training your managers and employees. If you need to send any of your personnel to our Initial Training Program, you must pay a tuition fee in the amount of Five Hundred Dollars ($500) per person attending the Initial Training Program.

(iii) Additional Training. After you open your Franchised Business:

a) Your managers that we reasonably designate must attend and complete, to our satisfaction, any additional training programs that we reasonably require from time to time. These additional training programs may include classroom training, web-based training and programs offered by third parties. We may require you to pay reasonable training fees for these

programs (plus travel, meals and lodging expenses for our representatives, if we conduct the training at your Franchised Business).

b) Your Principal Executive, or your authorized representative pre-approved by us, also must attend a national business meeting or our annual reunion for up to three (3) days each year ("Annual Reunion") in the event that we decide to host a national business meeting. You are responsible for paying any registration fee for the convention and the costs of travel and accommodations for your personnel. We will determine the topics and agenda for such Annual Reunion to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and our personnel regarding operations and programs, and recognizing franchisees for their achievements. We require that your Principal Executive attend the Annual Reunion, and to pay our then-current registration fee if we choose to charge a registration fee in our sole discretion. All expenses, including your and your employees' transportation to and from the Annual Reunion, lodging, meals, and salaries during the Annual Reunion, are your sole responsibility. We may use Marketing Fund Contributions for purposes related to the Annual Reunion, including costs related to productions, programs, and materials. If your Principal Executive fails to attend the Annual Reunion and you fail to send an authorized representative without our prior written consent, you must pay us a fee of one thousand five hundred dollars ($1,500).

c) We periodically, as we deem appropriate, will advise and consult with you in connection with the operation of the Franchised Business. We may provide these services through visits by our representatives to the Franchised Business or your offices, the distribution of printed, filmed or electronic information, meetings or seminars, telephone communications, e-mail communications or other communications. We will periodically inspect the Franchised Business and its operations to assist your operations and ensure compliance with the System. At your request, we may provide special assistance at the Franchised Business for which you will be required to pay our per diem training fees and charges that we may establish from time to time.

**6.6 Conditions to Opening.** Franchisee shall notify VetCor Franchising at least thirty (30) days before Franchisee intends to open the Business. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Franchisee has hired sufficient employees, (5) Franchisee's officers and employees have completed all of VetCor Franchising's required pre-opening training; (6) Franchisee has acquired all applicable and required credentials; and (7) VetCor Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.7 Opening Date.** Franchisee shall open the Business on or before the date stated on the Summary Page.

**6.8. Opening the Franchised Business.** We will not authorize the opening of the Franchised Business unless all of the following conditions have been met:

(i) We have determined that the Franchised Business has been constructed and/or renovated and equipped substantially in accordance with the requirements of this Agreement

including the Plans;

(ii) You have obtained, provided copies to us, and maintain all required building, utility, sign, business and other certifications, permits and licenses applicable to the Franchised Business;

(iii) You have purchased or leased and installed all specified and required fixtures, equipment, furnishings and interior and exterior signs for the Franchised Business;

(iv) You have purchased the required computer and point of sale systems and they are operational;

(v) You have purchased an opening inventory of Merchandise for the Franchised Business from Designated Suppliers and other authorized and approved products, materials, and supplies from our Approved Suppliers;

(vi) You have set the Franchised Business according to our merchandising guidelines contained in the Franchise Operations Manual, which include our layouts and strategies for the placement of Merchandise within the Franchised Business, which are designed to drive sales and facilitate cross-selling efforts ("Merchandising Guidelines");

(vii) Your Designated Principal has completed our training program ("Initial Training Program"), your Manager and technicians has completed either our Initial Training Program or the training program provided by your Designated Principal, and you have hired and trained a staff in accordance with our specifications as stated in the Franchise Operations Manuals and

(viii) You have paid the Initial Franchise Fee and any other amounts then due to us;

(ix) You have signed this Agreement and all other agreements including the electronic funds transfer documents as required by us;

(x) You have obtained all necessary credentials as required by us;

(xi) You have obtained a certificate of occupancy and any other required health, safety or fire department certificates; and

(xii) You have obtained and provided to us copies of certificates for all insurance policies required or such other evidence of insurance coverage and payment of premiums as we reasonably may request.

**6.9 Relocation.** Once the Premises is secured, you may not operate the Franchised Business at any site other than the Premises and may not relocate the Franchised Business without our prior written consent, which may be withheld by us in our sole discretion. If we approve a relocation of the Franchised Business solely within your existing Territory, you must pay a relocation fee in the amount of twenty-five percent (25%) of our then-current initial franchise fee, subject to any applicable state law. Our acceptance of a location as the Premises shall not be deemed to be a guarantee or assurance by us that the Franchised Business will be profitable

or successful.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Franchise Operations Manual and System Standards**. In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Franchised Business in strict conformance with the methods, standards, and specifications we prescribe from time to time in the Franchise Operations Manual or otherwise in writing. You acknowledge that the System standards may relate to any aspect of the appearance, function, cleanliness, and operation of the Franchised Business. Any material failure to comply with the mandatory System standards or to pass our periodic quality control inspections will constitute a material breach of this Agreement. You acknowledge that we have the right to vary our standards and specifications, in our reasonable judgment, to accommodate the individual circumstances of different franchisees.

**7.2 Compliance with Law.**

(i) You must operate the Franchised Business in full compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances. You have sole responsibility for compliance despite any information or advice that we may provide.

(ii) You, on behalf of yourself and your Owners, agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you, on behalf of yourself and your Owners, certify, represent, and warrant that none of your respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of your Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

**7.3 Hours of Operation.** You must keep the Franchised Business open and in normal operation for the minimum hours and days specified in the Franchise Operations Manual and as permitted by applicable laws, and must refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining our written consent.

**7.4 Products and Services.** Franchisee will offer all products and services, and only those products and services, from time to time prescribed by VetCor Franchising in the Franchise Operations Manual or otherwise in writing. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that VetCor Franchising may require.

**7.5 Prices.** Notwithstanding any provision of this Agreement or the Franchise Operations Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services. VetCor Franchising may require Franchisee to offer products and services

at specific prices determined by VetCor Franchising if VetCor Franchising is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

**7.6 Personnel.**

(a) Management. The Franchised Business must at all times be under the on-site supervision of the Principal Executive or general manager who has completed Franchisor's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Franchise Operations Manual.

(d) Qualifications. VetCor Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and VetCor Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of VetCor Franchising. Within seven days of VetCor Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not VetCor Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.7 Post-Opening Training.** VetCor Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by VetCor Franchising. VetCor Franchising may charge a reasonable fee for any training programs. VetCor Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses.

**7.8 Guaranties and Warranties.** Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Franchisor may require.

**7.9 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by VetCor Franchising. Franchisee shall enter into any subscription and support agreements that VetCor Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as VetCor Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto, as outlined in the Franchise

Operations Manual or as otherwise communicated by VetCor Franchising. Franchisee shall give VetCor Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by VetCor Franchising, within the bounds of applicable privacy laws and regulations.

**7.10 Customer Complaints.** You must immediately resolve any customer complaints regarding the quality of products, service and/or cleanliness of the Franchised Business, or any similar complaints. When any customer complaints cannot be immediately resolved, you must use reasonable efforts to resolve the customer complaints as soon as practical and shall, whenever feasible, give the customer the benefit of the doubt. If we, in our sole discretion, determine that our intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if we, in our sole discretion, believe that you have failed adequately to address or resolve any customer complaints, we may, without your consent, resolve any complaints and charge you an amount sufficient to cover our reasonable costs and expenses in resolving the customer complaints, which amount you must pay to us immediately on demand.

**7.11 Customer Evaluation and System Compliance Programs.** Franchisee is required to participate at its own expense in programs required from time to time by VetCor Franchising for obtaining customer evaluations and/or reviewing Franchisee's compliance with the System, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. VetCor Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by VetCor Franchising for such programs.

**7.12 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by VetCor Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by VetCor Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.13 Incentive Programs.** At its own expense, Franchisee shall participate in any customer incentive programs, designated by VetCor Franchising, in the manner specified by VetCor Franchising in the Franchise Operations Manual or otherwise in writing. Franchisee shall comply with all procedures and specifications of VetCor Franchising related to customer incentive programs.

**7.14 Maintenance and Repair.** If the Location will be open to the public or used for meeting customers or potential customers, then you must constantly maintain the Premises and all furniture, fixtures, equipment, furnishings, floor coverings, and interior and exterior signage in first-class condition and repair in accordance with the requirements of the System, including all ongoing necessary remodeling, redecorating, refurbishing and repairs. At your own expense, you must make such additions, alterations, repairs, and replacements as may be required for that purpose (but no others without our prior written consent). Upon our request, you must provide us with copies of any inspection report conducted by a third-party. You may not make any material alterations to the Franchised Business that affect operations or the image of the System without our prior written approval. You acknowledge and agree that the requirements of this Section 7.14

are both reasonable and necessary to ensure continued public acceptance and patronage of VetCor's businesses, to assist the Franchised Business to compete effectively in the marketplace and to avoid deterioration or obsolescence of the operation of the Franchised Business.

**7.15 Vehicles.** Franchisee will be required to have either (i) a high-top van and a box truck or (ii) two high-top vans to be used for the operation of the franchised business in providing restoration services. Franchisee shall ensure that all vehicles comply with all applicable System Standards, including without limitation required equipment and exterior décor. Franchisee shall keep all vehicles in excellent or better condition, clean, and free of dents and other damage, and shall ensure that the vehicles presents a first-class image appropriate to VetCor Franchising's System. Franchisee shall use the vehicle solely for the Business.

**7.16 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that VetCor Franchising requires, including any Annual Reunion, national or regional brand conventions.

**7.17 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by VetCor Franchising in the Franchise Operations Manual. If not specified in the Franchise Operations Manual, Franchisee shall maintain at least the following insurance coverage:

(i) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(ii) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000;

(iii) Bailees replacement cost coverage not less than $250,000; and

(iv) Workers Compensation coverage as required by state law.

(b) Franchisee's policies must list VetCor Franchising and its affiliates as an additional insured and the policies must stipulate that VetCor Franchising shall receive a thirty (30) day prior written notice of cancellation. Franchisee shall provide Certificates of Insurance evidencing the required coverage to VetCor Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of VetCor Franchising.

(c) All policies must be written by insurance companies with an industry rating acceptable to us; must name us, our affiliates, and their respective officers, directors, shareholders, consultants, agents, attorneys, and employees as additional insureds as specified by us; and must not have deductibles, exclusions or co-insurance requirements that are unacceptable to us. You must provide us with evidence of all required insurance coverage and payment of premiums before beginning construction of the Franchised Business. At least thirty (30) days before each insurance policy expires, you must furnish a copy of the renewal or replacement insurance policy and evidence of payment of the premium. The policy must state that we will be notified by the

insurance company if the policy is terminated, canceled or expires. Your obligation to obtain insurance coverage is not limited in any way by the insurance that we maintain.

(d) We have the right to increase the amounts of coverage required and require different or additional kinds of insurance with thirty (30) days' prior written notice, including excess liability insurance, to reflect inflation, new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns. If you fail to maintain the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus all out-of-pocket expenses that we incurred in obtaining such insurance on your behalf.

**7.18 Control During Crisis Situation.**

(a) If an event occurs at the Franchised Business that has or reasonably may cause harm or injury to customers, guests or employees (i.e., slip and fall injuries, natural disasters, robberies, shootings, food poisoning, etc.) or may damage the Marks, the System or our reputation (collectively "Crisis Situation"), you shall: (1) immediately contact appropriate emergency care providers to assist you in curing the harm or injury; and (2) immediately inform us by telephone of the Crisis Situation. You must refrain from making any internal or external announcements (i.e., no communication with the news media) regarding the Crisis Situation (unless otherwise directed by us or public health officials).

(b) To the extent we deem appropriate, in our sole and absolute discretion, we or our designee may control the manner in which the Crisis Situation is handled by the parties, including conducting all communication with the news media, providing care for injured persons and/or temporarily closing the Franchised Business. The parties acknowledge that, in directing the management of any Crisis Situation, we or our designee may engage the services of attorneys, experts, doctors, testing laboratories, public relations firms and those other professionals as we deem appropriate. You and your employees shall cooperate fully with us or our designee in our efforts and activities in this regard and shall be bound by all further Crisis Situation procedures developed by us from to time hereafter. The indemnification under Section 16.1 shall include all Losses and expenses that may result from the exercise by us or our designee of the management rights granted in this Section 7.18.

**7.19 Suppliers and Landlord.** Franchisee shall pay all vendors and suppliers in a timely manner. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location.

**7.20 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding VetCor, the Business, or any particular incident or occurrence related to the Business, without VetCor Franchising's prior written approval, which will not be unreasonably withheld.

**7.21 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act

in support of any such organization, without VetCor Franchising's prior written approval, which will not be unreasonably withheld.

**7.22 No Other Businesses.** If Franchisee is an entity, Franchisee shall not own or operate any other business except VetCor businesses.

**7.23 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of VetCor Franchising, which will not be unreasonably withheld.

**7.24 No Co-Branding.** Franchisee shall not "co-brand" or associate any other business activity with the VetCor Business in a manner which is likely to cause the public to perceive it to be related to the VetCor Business.

**7.25 Subcontracting.** Franchisee shall be allowed to hire a subcontractor to assist with providing individual and/or specific tasks or services for a customer, but shall not be allowed to delegate Franchisee's overall responsibility for a customer or otherwise subcontract the Business to a subcontractor or any other third party.

**7.26 Third Party Administrators**. Franchisee shall accept work from any third-party administrator designated by Franchisor and agrees to pay all relevant fees due for acceptance of such work. Franchisee shall not reject work from a designated third-party administrator without Franchisor's prior written consent, which Franchisor may withhold for any reason or no reason whatsoever. In the event Franchisee has obtained Franchisor's consent to reject any or all work with a designated third-party administrator in the Territory, Franchisor shall have the right to accept the work within the Territory and either perform the work itself or grant limited permission for an affiliate of Franchisor or another franchisee to perform the work within the Territory without paying any compensation to Franchisee.

**7.27 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by VetCor Franchising. Franchisee must display at the Franchised Business signage prescribed by Franchisor identifying the Location as an independently owned franchise.

**7.28 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from VetCor Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by VetCor Franchising from time to time in accordance with System Standards. VetCor Franchising may require Franchisee to purchase or lease any Inputs from VetCor Franchising, VetCor Franchising's designee, Required Vendors, Approved Vendors, and/or under VetCor Franchising's specifications. VetCor Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, VetCor Franchising shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If VetCor Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by VetCor Franchising. VetCor Franchising may condition its approval on such criteria as VetCor Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. An Officer of VetCor Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within thirty (30) days after receipt of Franchisee's request. Under this Section 8.2, VetCor Franchising and Franchisee may communicate by email which shall qualify as written notice under Section 18.9.

**8.3 Alternate Input Approval.** If VetCor Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by VetCor Franchising. An Officer of VetCor Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within thirty (30) days after receipt of Franchisee's request. Under this Section 8.3, VetCor Franchising and Franchisee may communicate by email which shall qualify as written notice under Section 18.9.

**8.4 Purchasing.** VetCor Franchising may negotiate prices and terms with vendors on behalf of the System. VetCor Franchising may receive rebates, payments, or other consideration from vendors in connection with purchases by franchisees. VetCor Franchising may implement a centralized purchasing system.

**8.5 No Liability of Franchisor.** VetCor Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If VetCor Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from VetCor Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

**8.7 Purchasing Cooperatives**. Franchisor may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Franchisor may determine.

**8.8 Shortages and Unavailability.** Franchisor shall not have liability to Franchisee for unavailability of, or delay in shipment or receipt of, any products or supplies from any vendor (including Franchisor or its affiliates) resulting from shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the control of Franchisor.

**8.9 Estimating Services.** You will be required for the first six (6) months after opening your Territory, to use our affiliate, VetCor Tactical Response, LLC ("VetCor Tactical Response") for estimating services. VetCor Tactical Response will provide estimating services the first six (6) months after opening your Territory to you at no additional charge. After the first six (6) months of opening your first Territory, you will have the option to cancel your contract with VetCor Tactical Response for estimating services and perform estimating services on your own or using an approved third party. To cancel your contract with VetCor Tactical Response you must give thirty (30) days written notice of cancelation to us and our affiliate, VetCor Tactical Response. If you wish to continue the contract with VetCor Tactical Response and no written notice of cancelation is received, you will be automatically enrolled in ongoing services with VetCor Tactical Response to provide estimating services at their then-current rates, which will include payment for estimates, changes to estimates, photo reports. Estimating Services include the performance of all invoicing, estimate upload and submission, review of all job estimate documentation, and job estimate modification. After the initial six (6) months after opening your Territory, we may mandate the use of any of these services due to noncompliance and require that you pay the then-current fees.

## ARTICLE 9. MARKETING

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising or public relations activities (including websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by VetCor Franchising. VetCor Franchising may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that VetCor Franchising may prescribe. Franchisee agrees that VetCor Franchising is and shall remain the owner and administrator of all social media accounts created by or on behalf of Franchisee. If Franchisee establishes any social media account on behalf of the franchised business then Franchisee agrees to transfer ownership and administrator rights to VetCor Franchising within five (5) days of creation of the social media account. Franchisee shall implement any marketing plans or campaigns determined by VetCor Franchising.

**9.2 Use by VetCor Franchising.** We have the right to direct all advertising, media placement, marketing and public relations programs and activities financed by the Marketing Fund, with final discretion over the strategic direction, creative concepts, materials and endorsements used and the geographic, market and media placement and allocation. Franchisor may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, royalty-free license to Franchisor for such purpose.

**9.3 Marketing Fund.** VetCor Franchising has established a Marketing Fund to promote the System on a local, regional, national, and/or international level. VetCor Franchising shall manage the Marketing Fund as follows:

(a) Separate Account. VetCor Franchising may hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from VetCor Franchising's other accounts.

(b) Use. Among the programs, concepts, and expenditures for which we may utilize the Marketing Fund monies are: (1) creative development and production of print ads, commercials, radio spots, point of purchase materials, direct mail pieces, door hangers, free standing inserts, brochures, logo wear, labeling, video, audio, and written materials and electronic media, and other advertising and promotional materials; (2) media placement and buying, including all associated expenses and fees; (3) administering regional and multi-regional marketing and advertising programs; (4) market research and customer satisfaction surveys, including the use of secret shoppers; (5) the creative development of, and actual production associated with, premium items, giveaways, promotions, sweepstakes, contests, public relation events, and charitable or nonprofit events; (6) creative development of signage, posters, and individual VetCor's business décor items including wall graphics; (7) recognition and awards events and programs including periodic national and regional conventions and meetings; (8) design, establishment, and maintenance of websites, extranets, intranets, search rankings, social media profiles, mobile application and other digital marketing; (9) retention and payment of personalities engaged as spokespersons, advertising and promotional agencies, endorsement contracts, and other outside advisors including retainer and management fees; (10) sponsorship of sporting, charitable, or similar events; (11) review of locally produced marketing materials; (12) list acquisition and development; (13) association dues; (14) affinity program development; (15) development of third party facilities for the development of local advertising; and (16) public relations and community involvement activities and programs. We may sell certain advertising materials, merchandise and premium items to you that are developed by the Marketing Fund, and the earnings from such sales will be deposited in the Marketing Fund. The Marketing Fund also may be used to pay reasonable salaries and expenses of our and our affiliates' employees who work on advertising, marketing, public relations materials, programs, activities or promotions prepared, planned or undertaken on behalf of the Marketing Fund and professional fees and administrative costs and overhead that we or our affiliates incur in activities reasonably related to the administration and activities of the Marketing Fund (including accounting fees, legal fees, and interest on monies borrowed by the Marketing Fund). We will not use the Marketing Fund for anything whose sole purpose is the marketing of franchises, however, the System website, public relations activities, community involvement activities and other activities supported by the Marketing Fund may contain information about franchising opportunities. We may seek the advice of VetCor franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Marketing Fund.

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at VetCor Franchising's sole discretion, and VetCor Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. VetCor Franchising is not obligated to (i) have all other VetCor businesses (whether owned by other franchisees or by VetCor Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other VetCor businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. VetCor Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit

or requires additional funds at any time, VetCor Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. VetCor Franchising will prepare an unaudited annual financial statement of the Marketing Fund not less than biannually and will provide the financial statement to Franchisee upon request.

(g) Franchisee's Benefit. You acknowledge that the Marketing Fund and any earnings thereon will be used to maximize general public recognition, acceptance, and patronage of VetCor's businesses, and that we are not obligated, in administering the Marketing Fund, to make expenditures for you which are equivalent or proportional to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund. Your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Marketing Fund. The failure (whether with or without our permission) of any other franchisee to make the appropriate amount of contributions to the Marketing Fund will not release you from or reduce your obligation.

(h) Cancellation of Brand Fund. We have the right to change or dissolve the Marketing Fund at any time. If we disband the Marketing Fund, we will spend all monies in the fund for advertising and/or promotional purposes or distribute all unspent monies to contributors in proportion to their respective Marketing Fund Contributions during the preceding twelve (12) month period.

**9.4 Market Cooperatives.** VetCor Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Territory has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Territory is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within thirty (30) days. VetCor Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If VetCor Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by VetCor Franchising. VetCor Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by VetCor Franchising. Unless otherwise specified by VetCor Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. VetCor Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any VetCor business owned by VetCor Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, VetCor Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative. Under this Section 9.4, VetCor Franchising and Franchisee may communicate by email which shall qualify as written notice under Section 18.9.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to VetCor Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of VetCor Franchising pursuant to Section 9.1. VetCor Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than one percent (1%) of Collected Gross Revenue.

(e) Enforcement. Only VetCor Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. VetCor Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Required Spending.** In addition to the Marketing Fund, Franchisee shall spend at least one percent (1%) of Collected Gross Revenue each month on marketing the Business. Upon request of VetCor Franchising, Franchisee shall furnish proof of its compliance with this Section. If you fail to spend the required amount on an annual basis, we may require you to: (1) contribute to the Marketing Fund any amounts that you should have expended to reach the local advertising requirement within thirty (30) days after the close of our fiscal year; or (2) account for and spend such amounts for Local Marketing in your Marketing Plan for the upcoming year. Franchisor has the sole discretion to determine what activities constitute "marketing" under this Article. Franchisor may, in its discretion, determine that if Franchisee contributes to a Market Fund, the amount of the contribution will be counted towards Franchisee's required spending under this Article.

**9.6 Grand Opening.** You agree to conduct a Grand Opening advertising and promotion program ("Grand Opening Program") for your Franchised Business beginning four (4) weeks prior to your scheduled opening and ending four (4) weeks following the opening of your Franchised Business. The Grand Opening Program must target prospective customers throughout the Territory and meet the standards we establish from time to time. You must spend a minimum of one-thousand and five hundred dollars ($1,500) on your Grand Opening Program in the four (4) weeks before you open for business. You must then spend a minimum of one-thousand and five-hundred dollars ($1,500) on your Grand Opening Program in the four (4) weeks after you open for business, For a total amount of three-thousand dollars ($3,000); however, we recommend that you spend six thousand dollars ($6,000) in total. The amounts you spend on the Grand Opening Program are in addition to the Market Fund and other Marketing Fees that you must pay to us. Upon request by us, you must provide us with a report itemizing the amounts you spent on the Grand Opening Program. If you fail to spend the minimum required amount on the Grand Opening Program, we

have the right to collect from you the difference between what you actually spent and the minimum required expenditure and contribute such difference to the Marketing Fund.

**9.7 Special Events**. Franchisee may conduct or host special events and/or fundraisers at the Franchised Business only after submitting to Franchisor all materials concerning any such special event that Franchisor may request and only after receiving written approval from Franchisor.

**9.8 Internet Marketing.** We will host and maintain an independent webpage for the Franchised Business at an Internet address that we specify. We will provide and maintain this webpage using a standard template. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any URL, social networking platform, blog, messaging system, email account, username, text address, mobile application, or other electronic, mobile or internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of the Franchised Business. You acknowledge that the use of any electronic medium constitutes advertising and promotion subject to our approval under Section 9.1. You agree not to transmit, or cause any other party to transmit, advertisements or solicitations by broadcast media, telephone, e-mail, text message, instant message, social network, VOIP, streaming media, or other electronic media that currently exists or may exist in the future without first obtaining our written consent as to: (1) the content of the advertisements or solicitations; and (2) the type of media intended to be used. All telephone answering messages, email auto-signatures, and other identifiers of the Franchised Business must be in the form we prescribe. If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures we issue with respect to that type of electronic medium, including the use of any disclaimers, warnings, and other statements that we may prescribe. We will provide you with Facebook/Facebook Ads Manager, Instagram and Google pages created, owned and audited by us. You shall comply with our standards for the System, as set forth in the Franchise Operations Manual or otherwise, with regard to our authorization to use, and the use of, blogs, common social networks (including Facebook, Instagram and Pinterest), professional networks (including LinkedIn), live blogging tools (including Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools that in any way reference the Marks or involve the System or the Franchised Business.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as VetCor Franchising may specify in the Franchise Operations Manual or otherwise in writing at the sole cost of Franchisee.

**10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as VetCor Franchising may require in the Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within thirty (30) days after the end of each calendar month;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within ninety (90) days after the end of VetCor Franchising's fiscal year;

(iii) operating agreements between partners involved in the franchised business and annual reports with the state; and

(iii) any information VetCor Franchising requests in order to prepare a financial performance representation for VetCor Franchising's franchise disclosure document.

(b) Late Report Fee. VetCor Franchising may charge Franchisee fifty dollars ($50) for any instance of non-compliance with the deadlines for financial reports as stated in Section 10.2 herein.

(c) Legal Actions and Investigations. Franchisee shall promptly notify VetCor Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as VetCor Franchising may request.

(d) Government Inspections. Franchisee shall give VetCor Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to VetCor Franchising such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Franchise Operations Manual or that VetCor Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to VetCor Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of VetCor Franchising's Franchise Disclosure Document and with such other information as VetCor Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as VetCor Franchising may specify in the Franchise Operations Manual or otherwise in writing.

**10.5 Records Audit.** VetCor Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. VetCor Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by VetCor Franchising. Franchisee shall also

pay VetCor Franchising its then-current billable rate for of the examination or audit if (i) VetCor Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Collected Gross Revenue by three percent (3%) or more for any month.

**10.6 Remote Access to Software System.** Franchisee shall give Franchisor unlimited access to Franchisee's software systems related to the operation of the Franchised Business, by any means designated by Franchisor.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Franchise Operations Manual; Modification.** The Franchise Operations Manual, and any part of the Franchise Operations Manual, may be in any form or media determined by VetCor Franchising. VetCor Franchising may supplement, revise, or modify the Franchise Operations Manual, and VetCor Franchising may change, add or delete System Standards at any time in its discretion. VetCor Franchising may inform Franchisee thereof by any method that VetCor Franchising deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Franchise Operations Manual, VetCor Franchising's master copy will control.

**11.2 Business Evaluation.** VetCor Franchising may accompany Franchisee or its personnel on any services performed for a customer to conduct an evaluation. If the Location will be open to the public or used for meeting customers or potential customers, VetCor Franchising may enter the premises of the Business from time to time during normal business hours and conduct an evaluation. Franchisee shall cooperate with VetCor Franchising's evaluators. The evaluation may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. VetCor Franchising may videotape and/or take photographs of the evaluation. Without limiting VetCor Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an evaluation. If VetCor Franchising conducts an evaluation because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed evaluation), then VetCor Franchising may charge all out-of-pocket expenses plus its then-current evaluation fee to Franchisee.

**11.3 VetCor Franchising's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, VetCor Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse VetCor Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus ten percent (10%) as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, VetCor Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by VetCor Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by VetCor Franchising shall be a breach or

constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of VetCor Franchising are in addition to any other right or remedy available to VetCor Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by VetCor Franchising. VetCor Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to VetCor Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. VetCor Franchising will automatically own all Innovations and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by VetCor Franchising to document VetCor Franchising's ownership of Innovations.

**11.7 Communication Systems.** VetCor Franchising will provide Franchisee with five (5) email accounts. Franchisee must exclusively use the email accounts provided by VetCor Franchising for all written communications related to the Franchised Business. Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes VetCor Franchising to access such communications.

**11.8 Delegation.** VetCor Franchising may delegate any duty or obligation of VetCor Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** VetCor Franchising may vary or waive any System Standard for any one or more VetCor franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 National Accounts and Catastrophic Event Management**.

(a) National and Commercial Accounts

(i) National Accounts and Commercial Accounts are defined as any services requested by or on behalf of insurance carriers or commercial properties. Any dispute as to whether a particular account is a National Account or Commercial Account shall be determined by VetCor Franchising in its sole discretion.

(ii) National Accounts and Commercial Accounts are subject to the terms and conditions of VetCor Franchising and may be modified from time to time.

(b) Catastrophic Events

(i) VetCor Franchising has the right, but not the obligation, to establish programs to provide Services for events such as storms, hurricanes, fires, floods, and other large losses ("Catastrophic Events").

(ii) If VetCor Franchising establishes such programs, in its sole discretion, VetCor Franchising may establish a team of franchisees to respond to, and assist with, the provision of Services within Franchisee's Territory if Franchisor, in its sole discretion, determines that Franchisee cannot meet the demand for Services within the Territory for the Catastrophic Event.

(c) Pricing and Collections.

(i) VetCor Franchising has the exclusive right to negotiate and enter into agreements for all National Accounts and Catastrophic Events claims with insurance companies and customers. VetCor Franchising may negotiate and establish the terms and pricing for National Accounts, Commercial Accounts and Catastrophic Events claims.

(ii) VetCor Franchising shall have the sole right to invoice and collect funds relating to National Accounts, Commercial Accounts and Catastrophic Events claims and Franchisee agrees not to engage in any of these activities.

(ii) When VetCor Franchising collects revenue from National Accounts, Commercial Accounts and Catastrophic Events claims, VetCor Franchising shall deduct therefrom, all fees due and owing to VetCor Franchising under this Agreement including, but not limited to a seventy-five dollar ($75) fee for each claim processed plus fifteen percent (15%) administrative fee, royalties, marketing fees, and any past due balance owed to VetCor Franchising by Franchisee.

**11.11 Temporary Public Safety Closure.** If Franchisor discovers or becomes aware of any aspect of the Franchised Business which, in Franchisor's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Franchisor's order, Franchisee must temporarily cease operations of the Franchised Business and remedy the dangerous condition. Franchisor shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Ownership and Goodwill of Marks.** You acknowledge that the Marks are owned by us or our affiliate, and that any references to our right, title or interest in the Marks in this Article 12 shall include the owner's right, title or interest. You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use. Franchisee shall use no

trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by VetCor Franchising, and only in the manner as VetCor Franchising may require.

**12.2 Limitations on Your Use of the Marks.** You agree to use the Marks as the sole trade identification of the Franchised Business, provided that you shall identify yourself as the independent owner of the Franchised Business in a manner acceptable to us. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or search engine you maintain on any website; (5) in any other manner we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Franchised Business without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**12.3 Discontinuance of Use of the Marks.** If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Franchised Business's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

**12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) VetCor Franchising shall defend Franchisee (at VetCor Franchising's expense) against any Action by a third party alleging infringement by Franchisee's use of a Mark, and (ii) VetCor Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify VetCor Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. VetCor Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. VetCor Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by VetCor Franchising for maintaining confidentiality, (b)

disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by VetCor Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by VetCor Franchising (except for Confidential Information which VetCor Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

**13.2 Covenants Not to Compete.**

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other VetCor business operating on the date of termination or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of VetCor Franchising. Franchisee agrees that the existence of any claim it may have against VetCor Franchising shall not constitute a defense to the enforcement by VetCor Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 Employee Recruitment.** For one year after termination, transfer, or expiration of this Agreement, Franchisee shall not knowingly employ or seek to employ or engage as an independent contractor, employee or otherwise, any person then employed by VetCor Franchising or its affiliates.

**13.4 General Manager and Key Employees.** If requested by VetCor Franchising, Franchisee will cause its general manager and other key employees to sign VetCor Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if VetCor Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within thirty (30) days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after VetCor Franchising receives written notice of termination.

**14.2 Termination by VetCor Franchising.**

(a) Subject to 10-Day Cure Period. VetCor Franchising may terminate this Agreement if Franchisee does not make any payment to VetCor Franchising when due, or if Franchisee does not have sufficient funds in its account when VetCor Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after VetCor Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to VetCor Franchising's satisfaction within thirty (30) days after VetCor Franchising gives notice to Franchisee of such breach, then VetCor Franchising may terminate this Agreement.

(c) Without Cure Period. VetCor Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to VetCor Franchising;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors or Franchisee makes a written statement to the effect that Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within forty-five (45) days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vi) Franchisee abandons or ceases operation of the Business for more than 15 consecutive days unless such closure is approved in writing by Franchisor or excused by Force Majeure;

(vii) Franchisee or any Owner slanders or libels VetCor Franchising or any of its employees, directors, or officers;

(viii) Franchisee refuses to cooperate with or permit any audit or evaluation by VetCor Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2.

(ix) the Business is operated in a manner which, in VetCor Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from VetCor Franchising or otherwise);

(x) All designated third party administrators within the Territory have terminated their agreements with Franchisee or otherwise refuse to work with Franchisee;

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) VetCor Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate); or

(xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act that in VetCor Franchising's opinion is reasonably likely to materially and unfavorably affect the VetCor brand, or is charged with, pleads guilty to, or is convicted of a felony.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to VetCor Franchising based on the operation of the Business through the effective date of termination or expiration;

(ii) return to VetCor Franchising all copies of the Franchise Operations Manual, Confidential Information and any and all other materials provided by VetCor Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to VetCor Franchising or any new franchisee as may be directed by VetCor Franchising, and Franchisee hereby irrevocably appoints VetCor Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) take such action as may be necessary to cancel any assumed name registration or equivalent registration, and any e-mail address or domain name registration, obtained by you which contains "VetCor" or any other Marks, and furnish evidence satisfactory to us of compliance with this obligation within five (5) days after the termination or expiration of this Agreement. You hereby appoint us your attorney in fact to carry out the requirements of this Section 14.3(iv), if you fail to do so within such five (5) day period;

(v) permit our access to, and examination of, your books and records to determine any amounts due;

(iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within thirty (30) days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a VetCor business, to the reasonable satisfaction of VetCor Franchising. Franchisee shall comply with any reasonable instructions and procedures of VetCor Franchising for de-identification. If Franchisee fails to do so within thirty (30) days after this Agreement expires or is terminated, VetCor Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, VetCor Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by VetCor Franchising.

**14.5 Liquidated Damages.** If VetCor Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to VetCor Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to VetCor Franchising under this Agreement for the 12 month period preceding the effective date of termination; multiplied by (y) the lesser of (1) 24 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least fifty-two (52) weeks, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to VetCor Franchising during the period that Franchisee operated the Business. Franchisee acknowledges that a precise calculation of the full extent of VetCor Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to VetCor Franchising under this Section will be in lieu of any direct monetary damages that VetCor Franchising may incur as a result of VetCor Franchising's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to VetCor Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, VetCor Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which VetCor Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that VetCor Franchising may have under this Agreement or otherwise.

**14.6 Purchase Option.** When this Agreement expires or is terminated, VetCor Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business.

To exercise this option, VetCor Franchising must notify Franchisee no later than thirty (30) days after this Agreement expires or is terminated. The purchase price for all assets that VetCor Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within thirty (30) days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. VetCor Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the Business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. VetCor Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by VetCor Franchising. If VetCor Franchising exercises the purchase option, VetCor Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts which VetCor Franchising paid or will pay to third parties to satisfy indebtedness owed by Franchisee to third parties. If any of the assets are subject to a lien, VetCor Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. VetCor Franchising may withhold twenty-five percent (25%) of the purchase price for ninety (90) days to ensure that all of Franchisee's taxes and other liabilities are paid. VetCor Franchising may assign this purchase option to another party.

**14.7 Other Claims.** Termination of this Agreement by Franchisor will not affect or discharge any claims, rights, causes of action or remedies (including claims for Franchisor's lost future income after termination), which Franchisor may have against Franchisee, whether arising before or after termination.

## ARTICLE 15. TRANSFERS

**15.1 By VetCor Franchising.** We have the right to transfer or assign this Agreement or any part of our rights or obligations under this Agreement to any person or legal entity. You agree that we will have no liability after the effective date of the transfer or assignment for the performance of any obligations under this Agreement. You acknowledge that we can sell our assets; sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that VetCor Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing VetCor Franchising at least sixty (60) days prior notice of the proposed Transfer, and without obtaining VetCor Franchising's consent. In granting any such consent, VetCor Franchising may impose conditions, including, without limitation, the following:

(i) VetCor Franchising receives a transfer fee equal to ten thousand dollars ($10,000) plus any broker fees and other out-of-pocket costs incurred by VetCor Franchising;

(ii) the proposed assignee and its owners have completed VetCor Franchising's franchise application processes, meet VetCor Franchising's then-applicable standards for new franchisees, and have been approved by VetCor Franchising as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes VetCor Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement;

(v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

(vi) Franchisee has paid all monetary obligations to VetCor Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to VetCor Franchising or its affiliates;

(vii) the proposed assignee and its owners and employees undergo such training as VetCor Franchising may require;

(viii) Franchisee, its Owners, and the transferee and its owners execute a general release of VetCor Franchising in a form satisfactory to VetCor Franchising; and

(ix) the Business fully complies with all of VetCor Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to VetCor Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by VetCor Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 15, as applicable; however, you will not be required to pay a transfer fee. For purposes of this Section 15.4, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (1) for a period of thirty (30) or more consecutive days, or (2) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate

succession, if the heirs or beneficiaries are unable to meet the conditions of transfer set forth in Section 15.2, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 15.4 within six (6) months after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 14.2.

**15.5 VetCor Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3 or to a spouse, sibling, or child of an Owner), VetCor Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to VetCor Franchising a copy of the terms and conditions of any Transfer. For a period of thirty (30) days from the date of VetCor Franchising's receipt of such copy, VetCor Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that VetCor Franchising may substitute cash for any other form of payment). If VetCor Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured parties, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

### 16.1 Indemnity.

(i) You and your guarantors will defend, indemnify and hold harmless, us and our parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "Indemnified Parties") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of your development and operation of the Franchised Business, your conduct of business under this Agreement, your breach of this Agreement or your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. We will promptly notify you of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release you from your indemnification obligations under this Section 16.1 except to the extent you are actually and materially prejudiced by such failure.

(ii) You will have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (1) the Indemnified Party will have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to you and, in the reasonable opinion of the Indemnified Party, your counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with your interests, or (2) you do not assume responsibility for such Losses in a timely manner or you fail to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and you will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or you, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

(iii) You or the Indemnified Party (as the case may be) will keep you or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. You will not, without the prior written consent of the Indemnified Party, (1) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (2) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by you. No claim that is being defended in good faith by you in accordance with the terms of this Section 16.1 will be settled by the Indemnified Party without your prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, you agree that we will have the exclusive right to assume the defense of such claim, at your expense with counsel selected by us, but reasonably satisfactory to you.

(iv) You have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

(v) For purposes of this Section 16.1, "Losses" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation and alternative dispute resolution.

(vi) Your obligations in this Section 16.1 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section 16.1. You agree that

a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 21.2.

(vii) It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with Franchisee for any reason; however, you will, at your sole expense, defend, fully protect, indemnify and hold harmless us from any and all claims arising in any manner, directly or indirectly, out of or in connection with or incidental to the actions or omissions of your employees or independent contractors or allegations that we are the joint employer of your employees.

**16.2 Assumption by Franchisor.** Franchisor may elect to assume the defense and/or settlement of any Action subject to this indemnification, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation) be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where VetCor Franchising's headquarters are located.

(c) Injunctive Relief. You recognize that your failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that we otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for VetCor Franchising to comply with laws and regulations applicable to the sale of franchises.

(e) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, VetCor Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES**

**ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.**

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to the unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where VetCor Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where VetCor Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, who prevailed upon the central litigated issues and obtained substantial relief.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. VetCor Franchising is not a fiduciary of Franchisee. VetCor Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect VetCor Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. VetCor Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, VetCor Franchising, and VetCor Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related

agreement is intended to disclaim the representations made by VetCor Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit VetCor Franchising's rights to modify the Franchise Operations Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Counterparts.** This Agreement may be signed in counterparts, signature pages may be exchanged by facsimile and any other electronic transmission (including PDF), and each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one complete agreement.

**18.9 Governing Law.** The laws of the state of Florida (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.9.

**18.10 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to VetCor Franchising, addressed to 7707 S O'Brien St. , Tampa, FL 33616. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, VetCor Franchising may amend the Franchise Operations Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.11 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time thereafter (regardless of any course of dealing by the parties), VetCor Franchising may by giving written notice to Franchisee (the "Holdover

Notice") either (i) terminate this Agreement effective immediately upon giving notice or effective on such other date as VetCor Franchising or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

**18.12 Joint and Several Liability.** If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

**18.13 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by VetCor Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and VetCor Franchising.

**18.14 Franchisee Acknowledgment.** 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.

Agreed to by:

FRANCHISOR:

VETCOR FRANCHISING LLC

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[*if an individual:*]

_____
Name: _____
Date: _____

[*if an entity:*]

_____

By: _____
Name: _____
Title: _____
Date: _____

## Attachment 1 to Franchise Agreement

## OWNERSHIP INFORMATION

**1.** **Form of Ownership.** Franchisee is a (check one):

_____ *Sole Proprietorship*
_____ *Partnership*
_____ *Limited Liability Company*
_____ *Corporation*

State: _____

**2.** **Owners.** If Franchisee is a partnership, limited liability company or corporation:

| Name | Shares or Percentage of Ownership |
|---|---|
| | |
| | |
| | |
| | |
| | |

**3.** **Officers.** If Franchisee is a limited liability company or corporation:

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |
| | |

## Attachment 2 to Franchise Agreement

## GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising").

**Background Statement:** _____ ("Franchisee") desires to enter into a Franchise Agreement with VetCor Franchising for the franchise of a VetCor business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce VetCor Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to VetCor Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to VetCor Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and VetCor Franchising upon demand from VetCor Franchising. Guarantor waives (a) acceptance and notice of acceptance by VetCor Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that VetCor Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by VetCor Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by VetCor Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by

VetCor Franchising or its affiliates (except for Confidential Information which VetCor Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to VetCor Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

**3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in or be engaged or employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, or be engaged or employed by, any Competitor operating in any of Franchisee's Territory or the territory of any other VetCor business operating on the date of termination or transfer, as applicable.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court, then the parties intend that the court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of VetCor Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against VetCor Franchising shall not constitute a defense to the enforcement by VetCor Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Employee Recruitment.** During the term of the Franchise Agreement and for one year after termination, transfer, or expiration of the Franchise Agreement, Guarantor shall not knowingly employ or seek to employ or engage as an independent contractor, employee or otherwise, any person then employed by VetCor Franchising or its affiliates.

**5. Modification.** Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which VetCor Franchising may from time to time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**6. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Florida (without giving effect to its principles of conflicts of law). The parties agree that any Florida law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to VetCor Franchising all costs incurred by VetCor Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

_____

Name: _____

Address: _____

_____

_____

Date: _____

**EXHIBIT C**

# AREA DEVELOPER AGREEMENT

**THIS AREA DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into effective on the date set forth in Attachment "A" of this Agreement between VetCor Franchising, LLC, a Florida limited liability company ("we", "us" "VetCor Franchising" or "our"), and the area developer identified in, and having the principal address set forth in, Attachment "A" of this Agreement (hereinafter "you," "your" or "Area Developer"). If more than one person or entity is listed as Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

## WITNESSETH:

**WHEREAS**, Franchisor and its affiliate VetCor, LLC have created and own a system (the "**System**") for developing and operating a business that provides drying, cleaning, painting, repair, mitigation, remediation, construction and replacement services and subcontracting services to insurance companies, businesses and residential clients and others who have been subject to fire, flood, vandalism, trauma, mold or other casualties, including purification, cleaning and odor removal services and products as well as emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services to businesses and residential clients under the trade name "VetCor" (the "Services");

**WHEREAS**, we and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating VetCor Businesses, including the mark "VetCor," which has gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating VetCor Businesses (collectively, the "Marks");

**WHEREAS**, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

**WHEREAS**, you wish to obtain certain development rights to open and operate VetCor Businesses operating under the Marks under the System within the Development Territory described in this Agreement; and

**WHEREAS,** in addition to this Agreement, we and you have entered into a franchise agreement on the same date ("Initial Franchise Agreement") for the right to establish and operate the first VetCor Business to be developed by you under this Agreement ("Initial Business").

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

**SECTION 1: GRANT**

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("Development Rights") to establish and operate the number of VetCor Businesses identified in Attachment "A", and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment "C" of this Agreement ("Development Schedule"). Each VetCor Business developed hereunder shall be located in the area described in Attachment "B" of this Agreement ("Development Territory").

1.2 The Initial Franchise Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. Each subsequent VetCor Business for which a Development Right is granted hereunder shall be established and operated pursuant to the form of franchise agreement then being used, which is to be entered into between you and us in accordance with Section 3 hereof. You acknowledge that the then-current form of franchise agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a VetCor Business in the Development Territory during the term of this Agreement, provided you are not in default hereunder and except as permitted under each franchise agreement.

1.4 This Agreement is not a franchise agreement and does not grant to you any right to use the Marks or System unless a franchise agreement is in effect.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

**SECTION 2: DEVELOPMENT FEE**

In consideration of the Development Rights granted herein, you shall pay to us a development fee ("Development Fee") in the amount set forth in Attachment "A" of this Agreement, depending on the total number of VetCor Businesses you have agreed to develop. The Development Fee is payable in a lump sum upon execution of this Agreement and is not refundable under any circumstances, regardless of whether you open any of the VetCor Businesses under this Agreement.

**SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

3.1 You shall assume all responsibility and expense for locating potential sites for VetCor Businesses. You shall obtain our written acceptance of any proposed site for the VetCor Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific acceptance of your proposed site, the site is deemed unaccepted. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Your failure to adhere to the Development Schedule, will constitute a material event of default under this Agreement for which we may exercise its rights under Section 9.1 and 9.2 of this Agreement. Under no circumstances, however, may you open a VetCor Business unless and until there is a fully executed franchise agreement in place for such VetCor Business and you have complied with all requirements under the franchise agreement for opening such VetCor Business.

3.3 You shall exercise each Development Right granted herein only by executing a franchise agreement for each VetCor Business at a site accepted by us in the Development Territory. The Initial Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The franchise agreement for each additional Development Right exercised hereunder shall be the then-current franchise agreement. We will have the number of days listed in the franchise agreement after we receive all needed information to accept or reject your proposed site for each VetCor Business. For each accepted VetCor Business site, you must execute the then-current franchise agreement and return it to us within fourteen (14) days after your receipt of said franchise agreement. In the event we do not receive the properly executed franchise agreement within said fourteen (14) days from delivery thereof to you, our acceptance of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that our acceptance of a particular site for a VetCor Business by us shall not be deemed to be an assurance or guaranty that the VetCor Business will operate successfully or at a profit from such site.

**SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS**

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of VetCor Businesses within the Development Territory, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. You acknowledge that that the Development Territory may already include existing VetCor Businesses, and that you may not develop a VetCor Business that infringes on the territorial rights of a then-existing VetCor Businesses.

4.3 Upon the termination or expiration of this Agreement: (a) you shall have no further right to construct, equip, own, open or operate additional VetCor Businesses which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between you and us, which is then in full force and effect; and (b) we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and

operate, VetCor Businesses within the Development Territory subject only to the territorial rights granted to you with respect to VetCor Businesses operated by you pursuant to the franchise agreements.

4.4 Except as expressly limited herein, we and our affiliates retain all rights with respect to VetCor Businesses, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at VetCor Businesses, within or outside the Development Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to offer and sell and to grant others the right to offer and sell the products and services offered at VetCor Businesses within the Development Territory if VetCor Franchising reasonably believes that you will not properly serve such customer or if you are incapable of meeting customer demand in the Development Territory;

4.4.3 to own, franchise, establish and license to others to establish or operate VetCor Businesses at any location outside the Development Territory and on any terms and conditions we deem appropriate and regardless of proximity to your VetCor Businesses;

4.4.4 to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Territory. This includes, but is not limited to, other channels of distribution such as catalog sales, fairs, expos, pet shows and the like, telemarketing or other direct marketing sales or over the Internet (together, the "Alternative Distribution Channels"). You may not use Alternative Distribution Channels to make sales outside or inside your Development Territory and you will not receive any compensation for our sales through Alternative Distribution Channels;

4.4.5 to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, whether franchised or corporately owned, including a business that competes directly with your VetCor Businesses, wherever located; provided that in such situations, the newly acquired businesses may not operate under the Marks in the Development Territory;

4.4.6 the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

4.4.7 to engage in any other business activities not expressly prohibited by the Agreement, both within and outside your Development Territory.

We are not required to pay you if we exercise any of the rights specified above within the Development Territory. We do not pay compensation for soliciting or accepting orders inside the Development Territory.

**SECTION 5: RENEWAL**

There is no renewal period. Upon expiration of this Agreement you may enter into our then-current area development agreement, subject to our approval and availability.

**SECTION 6: TERM**

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the earlier of: (a) the termination date listed on Section 2 of Attachment "C"; or (b) completion of the obligations of the Development Schedule.

**SECTION 7: YOUR OBLIGATIONS**

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of VetCor Business and to submit the same to us for our acceptance in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any VetCor Businesses within the Development Territory. You shall obtain the license to use such additional rights at each VetCor Business upon the execution of each franchise agreement by both you and us and only in accordance with the terms of each franchise agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof. The provisions of this Section 7.1.2 shall not restrict you from transferring an open and operating VetCor Business in compliance with the assignment provisions contained in such VetCor Business' franchise agreement.

7.1.3 You have sole responsibility for the performance of all obligations arising out of the operation of your VetCor Businesses developed under this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your VetCor Business and that the operations of said VetCor Business are separate and distinct from the operation of your business as an area developer.

7.1.5 You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.8 In no event shall any VetCor Business be opened for business unless and until a franchise agreement for such VetCor Business has been fully executed, all applicable fees (including, but not limited to, the initial franchise fee for such VetCor Business) have been paid, and you have complied with all of the requirements under the franchise agreement for opening such VetCor Business.

**SECTION 8: OUR SERVICES**

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for acceptance thereof.

8.2 Provide you with standard specifications and layouts, improvements, equipment, furnishings, décor and signs identified with the VetCor Businesses as we make available to all area developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and design specifications of the System, upon our receipt of your written request for acceptance thereof.

8.4 Provide on-site evaluations as we deem necessary, and such other resources and assistance as may hereafter be developed and offered by us to our other area developers in our sole discretion.

**SECTION 9: DEFAULT AND TERMINATION**

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement immediately shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to comply with the Development Schedule.

9.1.2 If you shall purport to effect any assignment in violation of Section 11 of this Agreement.

9.1.3 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement.

9.1.4 If you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement.

9.1.5 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any VetCor Business developed under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.6 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.7 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the VetCor Businesses opened pursuant to the terms of this Agreement.

9.1.8 If you, or any shareholder or principal, fail to maintain the financial capacity and necessary skills and experience to meet the Development Requirements and timely develop and operate the VetCor Businesses required to be opened and operated under this Agreement based upon criteria established by us from time to time

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective franchise agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business (as defined in Section 12 below).

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any VetCor Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you open any VetCor Business for business before a franchise agreement for such VetCor Business has been fully executed and the payments due to us pursuant to Section 2 have been paid.

9.2.7 If you default in the performance of any other obligation under this Agreement.

**SECTION 10: OBLIGATIONS FOLLOWING TERMINATION**

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish VetCor Businesses.

10.1.2 To cease immediately to hold yourself out in any way as an area developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

**SECTION 11: TRANSFER OF INTEREST**

11.1 We shall have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and we shall thereby be released from any and all further liability to you.

11.2 Area Developer may not assign this Agreement or any rights to the Development Territory. The provisions of this Section shall not restrict Area Developer from transferring an open and operating VetCor Business in compliance with the assignment provisions contained in such VetCor Business' franchise agreement.

**SECTION 12: COVENANTS**

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of VetCor Businesses, the terms of this Agreement, the VetCor Business confidential operating manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media (the "Franchise Operations Manual"), and graphic designs and other intellectual property. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the VetCor Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than a VetCor Business (including any VetCor Business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the VetCor Business, including a business which offers disaster restoration work, the same as or similar to those offered through the Business, which include, but are not limited to providing emergency water damage mitigation; emergency board up; roof tarping; fire and smoke damage mitigation; mold remediation; mold assessment; bio/trauma scene cleanup; tree and debris removal; duct cleaning and related services similar to those offered by VetCor Businesses or any business which grants franchises or licenses to others to operate such a business (a "Competitive Business").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business in the Development Territory or the territory of any other VetCor business operating on the date of termination or expiration, as applicable.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered and publicly traded under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the

maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive and other equitable relief, without the need of bond, and without first requesting mediation or arbitration against you, from any state or federal court within the jurisdiction in which we have our principal place of business (currently Hillsborough County, Florida), or in any other state or federal district court of competent jurisdiction. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement and for one year after termination or expiration of this Agreement, you shall not knowingly employ or seek to employ or engage as an independent

contractor, employee or otherwise, any person then employed by VetCor Franchising or its affiliates.

12.10 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any VetCor Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

**SECTION 13: NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

| | |
|---|---|
| Notices to Franchisor: | VetCor Franchising, LLC<br>7707 S O'Brien St.<br>Tampa, FL 33616 |
| Notices to you: | Notice Address set forth in Attachment "A" of this Agreement |

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

**SECTION 14: INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our affiliates, and our respective shareholders, directors, officers, employees,

agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced. You will not be required to indemnify and hold harmless the Indemnified Parties for any matter caused by our or any Indemnified Party's gross negligence, intentional misconduct, strict liability or fraud.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

**SECTION 15: APPROVALS**

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

**SECTION 16: NON-WAIVER**

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

**SECTION 17: SEVERABILITY AND CONSTRUCTION**

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

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

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

**SECTION 18: ENTIRE AGREEMENT; APPLICABLE LAW**

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Florida without regard to the application of Florida conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Hillsborough.

**SECTION 19: DISPUTE RESOLUTION**

19.1 Except as expressly provided in 19.4, any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation) be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of

Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

19.2 The place of arbitration shall be the city and state where VetCor Franchising's headquarters are located.

19.3 You recognize that your failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that, in the event of a breach or threatened breach of any of the terms of this Agreement by you, we shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that we otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

19.4 All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for VetCor Franchising to comply with laws and regulations applicable to the sale of franchises.

19.5 Unless this Agreement has been terminated, VetCor Franchising and you will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

19.6 TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.

19.7 Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to the unauthorized use of Confidential Information or the Marks.

19.8 For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where VetCor Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where VetCor Franchising's headquarters is then located. Each party consents

to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

19.9 In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, who prevailed upon the central litigated issues and obtained substantial relief.

**SECTION 20: TIMELY PERFORMANCE**

You hereby acknowledge that your timely development of the VetCor Businesses in the Development Territory in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open VetCor Businesses within the Development Territory in accordance with the Development Schedule, to operate such VetCor Businesses pursuant to the terms of the franchise agreements applicable thereto, and to maintain all such VetCor Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder.

In the event that you are unable to comply with the Development Schedule due to act of Force Majeure, then upon notice to us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under this Agreement or any franchise agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event. Your ability to invoke this clause is conditioned upon delivery of written notice to us stating the basis for such invocation as soon as reasonably practical – in no event longer than ten (10) days – after learning of the basis.

For purposes of this Area Development Agreement, "Force Majeure" means (a) transportation shortages, inadequate supply of equipment, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any national, state, provincial, municipal or other government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any national, state, provincial, municipal or other government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; (f) pandemics or epidemics; or (g) any other similar event or cause; provided, however, force majeure shall not include your lack of adequate financing

[*Signatures on the following page*]

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement, effective on the effective date specified in Attachment "A" of this Agreement.

**VETCOR FRANCHISING, LLC**

By: _____

Name: _____

Title: _____

**AREA DEVELOPER**

_____

By: _____

Name: _____

Title: _____

**ATTACHMENT "A"**
DATA SHEET

1. Effective Date. The effective date of the Area Development Agreement set forth in the introductory Paragraph of the Area Development Agreement is: _____ _____.

2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: _____

3. Area Developer's Principal Address: The Area Developer's principal address set forth in the introductory Paragraph of the Area Development Agreement is :

   Attn: _____
   _____
   _____
   _____

4. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement is:

   Attn: _____
   _____
   _____
   _____

5. Development Fee. The Development Fee, as set forth in Section 2 of the Area Development Agreement, is as follows: $_____

| **AREA DEVELOPER** | **VETCOR FRANCHISING, LLC** |
|---|---|
| _____ | |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**ATTACHMENT "B"**
DEVELOPMENT TERRITORY

The Development Territory set forth in Section 1.1 of this Agreement shall be the geographic area described below and/or as depicted on the following map:

| **AREA DEVELOPER** | **VETCOR FRANCHISING, LLC** |
|---|---|
| _____ | |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |

**ATTACHMENT "C"**
DEVELOPMENT SCHEDULE

1. The total number of VetCor Businesses to be developed under this Agreement (including the Initial Business): _____.

2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or _____.

3. Development Schedule:

| VetCor Franchise | Development Period Ending Date | Franchise Agreement Execution Deadline |
|---|---|---|
| 1 | | Date of execution of Area Development Agreement |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

**AREA DEVELOPER**

_____

By: _____

Name: _____

Title: _____

**VETCOR FRANCHISING, LLC**

By: _____

Name: _____

Title: _____

**ATTACHMENT "D"**
STATEMENT OF OWNERSHIP

Area Developer:_____

Form of Ownership
(Check One)

____ Individual ____ Partnership ____ Corporation ____ Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: _____

**Management (managers, officers, board of directors, etc.):**

| Name | Title |
|---|---|
| | |
| | |
| | |
| | |

**Members, Stockholders, Partners*:**

| Name | Address | Percentage Owned |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

***If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals**.

Use additional sheets if necessary. Any and all changes to the above information must be reported to VetCor Franchising, LLC in writing.

**AREA DEVELOPER**

_____

By: _____

Name: _____

Title: _____

## EXHIBIT D

## FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising").

**Background Statement**: [describe circumstances of Release]

Releasor agrees as follows:

**1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases VetCor Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

**2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or another forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

**3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

**4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that VetCor Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Agreed to by:

_____

Name: _____

Date: _____

# EXHIBIT E

# FINANCIAL STATEMENTS

# VETCOR FRANCHISING LLC

Financial Statements
And
Independent Auditor's Report

December 31, 2023

# VETCOR FRANCHISING LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Member
VetCor Franchising LLC

**Opinion**

We have audited the accompanying financial statements of VetCor Franchising LLC (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in member's deficit and cash flows for the year 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 VetCor Franchising LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Prior Year Audited by Other Auditors**

The 2022 financial statements were audited by other auditors, and their report thereon, dated April 14, 2023, expressed an unmodified 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 VetCor 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.

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info@sasassurance.com
www.sasassurance.com

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 error of an 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 VetCor 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 VetCor 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.

SBS Assurance

Apopka, Florida

March 21, 2024

**VETCOR FRANCHISING LLC**

**BALANCE SHEETS**

**DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | **$ 69,762** | $ 39,705 |
| Accounts receivable, net of allowance for doubtful accounts | **113,477** | 92,288 |
| Prepaid expenses | **7,338** | 1,640 |
| Deferred contract costs - current portion, net of amortization | **7,745** | 5,250 |
| Other receivable | **1,200** | - |
| **TOTAL CURRENT ASSETS** | **199,522** | 138,883 |
| **DEFERRED CONTRACT COSTS - NET OF CURRENT PORTION AND AMORTIZATION** | **29,546** | 29,750 |
| **TOTAL ASSETS** | **$ 229,068** | $ 168,633 |
| **LIABILITIES AND MEMBER'S DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued liabilities | **$ 89,888** | $ 67,345 |
| Settlement payable | **41,000** | - |
| Contract liabilities, current portion | **82,136** | 138,636 |
| **TOTAL CURRENT LIABILITIES** | **213,024** | 205,981 |
| **DUE TO RELATED PARTIES** | **1,120,570** | 759,014 |
| **RELATED PARTY NOTES PAYABLE** | **597,600** | 210,000 |
| **CONTRACT LIABILITIES, NET OF CURRENT PORTION** | **136,785** | 264,110 |
| **TOTAL LIABILITIES** | **2,067,979** | 1,439,105 |
| **MEMBER'S DEFICIT** | **(1,838,911)** | (1,270,472) |
| **TOTAL LIABILITIES AND MEMBER'S DEFICIT** | **$ 229,068** | $ 168,633 |

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

**VETCOR FRANCHISING LLC**

**STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S DEFICIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **FRANCHISE REVENUE** | | |
| Franchise fees | **$ 239,973** | $ 278,957 |
| Royalty fees | **291,852** | 299,798 |
| Franchise marketing | **45,374** | 47,357 |
| Other franchise revenue | **-** | 5,600 |
| **TOTAL FRANCHISE REVENUE** | **577,199** | 631,712 |
| **COST OF FRANCHISE REVENUE - PROMOTIONAL COSTS** | **156,897** | 111,935 |
| **GROSS PROFIT** | **420,302** | 519,777 |
| **GENERAL AND ADMINISTRATIVE EXPENSES** | | |
| Salary and benefit related expenses | **583,209** | 543,291 |
| Professional fees | **219,151** | 174,176 |
| Rent expense | **87,269** | 103,642 |
| Insurance expense | **36,320** | 40,190 |
| Vehicle expenses | **35,404** | 38,787 |
| Membership expense | **23,110** | 12,531 |
| Software expense | **19,553** | 28,388 |
| Travel and conference expenses | **9,840** | 16,226 |
| Office expenses | **8,517** | 12,970 |
| Utilities, phone and internet expense | **7,212** | 11,478 |
| Printing and shipping expense | **1,537** | 2,262 |
| License and permits | **167** | 1,700 |
| **TOTAL GENERAL AND ADMINISTRATIVE EXPENSES** | **1,031,289** | 985,641 |
| **LOSS FROM OPERATIONS** | **(610,987)** | (465,864) |
| **OTHER INCOME (EXPENSE)** | | |
| Interest income | **-** | 3,030 |
| Interest expense | **(22,112)** | (1,997) |
| Other income | **64,660** | - |
| **TOTAL OTHER INCOME (EXPENSE)** | **42,548** | 1,033 |
| **NET LOSS** | **(568,439)** | (464,831) |
| **MEMBER'S DEFICIT, BEGINNING OF YEAR** | **(1,270,472)** | (805,641) |
| **MEMBER'S DEFICIT, END OF YEAR** | **$ (1,838,911)** | $ (1,270,472) |

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

**VETCOR FRANCHISING LLC**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net loss | **$ (568,439)** | $ (464,831) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Non-cash settlement payable | **45,000** | - |
| Cash provided by changes in: | | |
| Accounts receivable, net | **(21,189)** | 3,603 |
| Prepaid expenses | **(5,698)** | (1,640) |
| Deferred contract costs | **(2,291)** | (35,000) |
| Other receivable | **(1,200)** | - |
| Accounts payable and accrued liabilities | **22,543** | 23,967 |
| Due to related parties | **361,556** | 381,361 |
| Contract liabilities | **(183,825)** | (123,957) |
| **NET CASH USED IN OPERATING ACTIVITIES** | **(353,543)** | (216,497) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Advances on related party notes payable | **387,600** | 210,000 |
| Payment on settlement payable | **(4,000)** | - |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | **383,600** | 210,000 |
| **NET INCREASE (DECREASE) IN CASH** | **30,057** | (6,497) |
| **CASH, BEGINNING OF YEAR** | **39,705** | 46,202 |
| **CASH, END OF YEAR** | **$ 69,762** | $ 39,705 |
| **SUPPLEMENTAL DISCLOSURES ON CASH FLOW INFORMATION:** | | |
| Cash paid for interest | **$ 22,112** | $ 1,997 |

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

**VETCOR FRANCHISING LLC**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

## NOTE 1 – NATURE OF BUSINESS

VetCor Franchising LLC (the Company) was organized in the state of Florida on April 15, 2019 to offer franchise opportunities to veterans throughout the United States of America who want to own and operate a VetCor franchise. VetCor franchises provide residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas, restoration after disasters, and general contracting.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America.

### Common Control

The Company and its affiliates are under the common control of the owner of the Company, Team VetCor, LLC. The existence of that control could result in operating results or a financial position of the Company significantly different from that which would have been obtained if the entities were autonomous. Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 810, Consolidation, permits private companies with certain qualifying common control arrangements to elect an accounting alternative for purposes of applying the guidance of the variable interest model (commonly referred to as the private company accounting alternative). The Company meets the criteria and has elected to apply this alternative and, therefore, is not required to evaluate its affiliates for potential consolidation under the provisions of the variable interest model. The Company has six affiliates as follows:

- VetCor, LLC was incorporated in the state of Florida on November 3, 2013 and operated three franchise locations until 2020, when one location was closed.
- VetCor Systems, LLC was incorporated in the state of Florida on April 15, 2019 and manages all information technology systems and software on behalf of the franchisees.
- VetCor Quartermaster, LLC was incorporated in the state of Florida on July 13, 2019 and manages all vendor relations and purchases on behalf of the franchisees.
- VetCor Intelligence, LLC was incorporated in the state of Florida on August 26, 2019 and is the owner of intellectual property/trademarks.
- VetCor Base Camp, LLC was incorporated in the state of Florida on March 26, 2020 and is the owner of the building, real estate, and real property where the other affiliates conduct business.
- VetCor Tactical Response, LLC was incorporated in the state of Florida on March 26, 2020, and conducts estimating as a service for franchisees if they choose that offering after their first year in business and will also do business as VetCor Training Academy as the business conducts the Institute of Inspection, Cleaning and Restoration Certification (IIRC) training for technicians within the franchise system and others as requested.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

As permitted under Topic 606, the Company adopted Subtopic 952-605 allowing for the use of a practical expedient for a private-company franchisor that enters into franchise agreements to account for certain preopening services provided to a franchisee as a single performance obligation. A substantial portion of the Company's revenue is generated from contracts with customers ("franchise agreement" or "agreement"). The Company's franchise agreements enter the parties into a contractual agreement and include performance obligations such as:

- Franchise fees - The franchise fee grants the franchisee rights to utilize the VetCor system and trade name intellectual property (IP) in a specified territory over the franchise term, which is typically five years. Franchise fees are paid up front, and a portion of the fee is allocated to pre-opening services, including training, facilities, and other administrative assistance. Franchisees receive the benefits from the pre-opening services when locations open, and therefore that portion of the fee is recognized upon opening. Franchisees receive the benefits from the use of the IP as the franchise locations earn revenue, and therefore the remaining fee is recognized over the term of the franchise contract. For the years ended December 31, 2023 and 2022, franchise fees include $17,376 and $52,128, respectively, of pre-opening services revenue.
- Royalty fees - Royalty fees are variable and are generally calculated based on 7% of sales. The license of the IP provides access over the term of the contract without any other performance obligation other than keeping the IP active and is therefore considered a right-to-access license of symbolic IP. Sales-based royalties for the right-to-access licenses are recognized over the license period as the related sales occur.
- Marketing fund contributions - Marketing fund contributions are variable based on 1% of sales. The marketing fund is used for marketing, advertising, and public relations materials, programs and campaigns, and related overhead. Sales-based marketing fund contributions are recognized over the license term as the related sales occur.

Amounts received prior to recognition of the related revenue are recorded as contract liabilities (see Note 5).

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are uncollateralized customer obligations due under normal trade terms and are stated at net realizable value. The carrying amount of accounts receivable is reduced by an allowance for doubtful accounts, which is based on management's knowledge of its customers, historical loss experience and existing economic conditions. Accounts receivable are written off when management believes all collection efforts have been exhausted.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Accounts Receivable and Allowance for Doubtful Accounts *(Continued)***

This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Management performs ongoing credit evaluations of customers and generally does not require collateral as management believes the Company has certain collection measures in place to limit the potential for significant losses. At December 31, 2023 and 2022, there was no allowance for doubtful accounts, and the Company did not write off any accounts receivable during the years ended December 31, 2023 and 2022.

**Deferred Contract Costs**

Deferred contract costs are stated at gross amounts paid less accumulated amortization. Broker fees paid related to the sale of franchise agreements with franchisees are deferred if they are incremental and recoverable costs of obtaining a franchise agreement. Deferred contract costs are amortized over the estimated operating life of the related franchise, which is typically five years. The amortization period is adjusted for significant changes in the estimated remaining term of a contract and terminations of franchise agreements due to default or early termination provisions. An impairment of deferred contract costs is recognized when the unamortized balance of deferred contract costs exceeds the remaining amount of consideration expected to be received, net of the expected future costs directly related to providing those services. At December 31, 2023 and 2022, deferred incremental costs of obtaining a contract totaled $37,291 and $35,000, respectively. Amortization expense for the years ended December 31, 2023 and 2022 was $5,833 and $0, respectively.

Amounts expected to be recognized into expense related to deferred contract costs that are unsatisfied (or partially unsatisfied) are as follows:

| Year Ending December 31: | | |
|---|---|---|
| 2024 | $ | **8,265** |
| 2025 | | **8,265** |
| 2026 | | **8,265** |
| 2027 | | **8,265** |
| Therafter | | **4,231** |
| | $ | **37,291** |

**Cost of Franchise Revenue – Promotional Cost**

The Company expenses all advertising costs as incurred. Advertising costs totaled approximately $157,000 and $112,000 for the years ended December 31, 2023 and 2022, respectively.

**Income Taxes**

The Company is a single-member limited liability company and considered to be a disregarded entity for income tax purposes. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements as the results of operations are included in the income tax return of the Company's member.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**Income Taxes *(Continued)***

The Company is required to evaluate each of the tax positions taken to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status as a pass-through entity, and the decision not to file a tax return. The Company believes its methods of accounting are based on established income tax principles approved in the Internal Revenue Code and that no significant uncertain tax positions have been taken within its income tax returns. In addition, income tax returns have been filed in all applicable jurisdictions in which the Company has material nexus warranting an income tax return filing.

**Concentrations**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains its cash in deposit accounts with a bank operating in the Southeastern United States. The balances in the accounts, at times, may exceed federally insured limits. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of December 31, 2022, the Company did not have balances in excess of FDIC-insured limits. The Company has not experienced any losses in such accounts.

Approximately 58% of revenues arose from two franchisees in 2023, while approximately 57% of revenues arose from three franchisees in 2022. One franchisee accounted for approximately 82% of accounts receivable as of December 31, 2023, while two franchisees accounted for approximately 84% of accounts receivable as of December 31, 2022.

**Credit Risk**

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. The Company minimizes its credit risk associated with accounts receivable by reviewing all customers' credit history before extending credit and by monitoring customers' credit exposure on a continuing basis.

**New Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016- 13, "Financial Instruments - Credit Losses," which introduced new guidance for an approach based on expected losses to estimate credit losses on certain types of financial instruments. Instruments in scope include loans, held-to-maturity debt securities, and net investments in leases as well as reinsurance and trade receivables. On October 16, 2019, the FASB approved a proposal to change the effective date of ASU No. 2016-13 for smaller reporting companies, as defined by the SEC, and other non-SEC reporting entities delaying the effective date to fiscal years beginning after December 31, 2022, including interim periods within those fiscal periods. As the Company is a smaller reporting company and has not adopted provisions of the standard early, the delay is applicable to the Company for the year ended December 31, 2023.

## NOTE 3 – FRANCHISE FEES

The franchise agreement term is 5 years and initial franchise fees range from $30,000 to $75,000. During 2023 and 2022, respectively, 3 and 8 new franchise locations were opened. At December 31, 2023 and 2022, respectively, there were 26 and 23 franchises in operation.

## NOTE 4 – RELATED PARTY TRANSACTIONS

Various expenses are paid through Team VetCor, LLC and affiliates or are allocated to the Company and affiliates, and there are cash transfers between these entities throughout the year to fund their respective operations. The expenses allocated to the Company or paid for through related parties for the years ended December 31, 2023 and 2022, totaled approximately $127,000 and $123,000, respectively. Included in this total are rent and related expenses of approximately $87,000 and $99,000, respectively, which are allocated to the Company and its affiliates monthly based on square footage occupied for office space owned by VetCor Base Camp, LLC.

During the years ended December 31, 2023 and 2022, the Company received cash transfers from the member and related party entities totaling approximately $1,212,000 and $1,112,000, respectively. Using these funds, the Company paid expenses totaling approximately $463,000 and $530,000, respectively. There are no formal repayment terms or interest charges related to this activity, which is included in due to related parties and related party notes payable on the accompanying balance sheets as of December 31, 2023 and 2022.

The net due to related parties balances of $1,120,570 and $759,014 at December 31, 2023 and 2022, respectively, are included in long-term liabilities on the accompanying balance sheets as repayment is not anticipated during the next year.

## NOTE 5 – CONTRACT LIABILITIES

As stated in Note 1, franchise fees net of amounts allocated to pre-opening services are recognized over the term of the franchise agreements. Contract liabilities arise from franchise fees received upon execution of the contracts before the related revenue is earned.

During the years ended December 31, 2023 and 2022, the franchise fee contract liability activity was as follows:

| | | |
|---|---|---|
| Balance, January 1, 2022 | $ | **526,703** |
| Franchise fees collected | | **155,000** |
| Revenue recognized | | **(278,957)** |
| Balance, December 31, 2022 | | **402,746** |
| Franchise fees collected | | **56,148** |
| Revenue recognized | | **(239,973)** |
| Balance, December 31, 2023 | | **218,921** |
| Current portion | | **82,136** |
| Contract liabilities, net of current portion | $ | **136,785** |

**NOTE 5 – CONTRACT LIABILITIES (*Continued*)**

Amounts expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) are as follows:

| Year Ending December 31: | | |
|---|---|---|
| 2024 | $ | **82,136** |
| 2025 | | **54,685** |
| 2026 | | **38,996** |
| 2027 | | **18,807** |
| Therafter | | **24,297** |
| | $ | **218,921** |

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Company is involved in certain litigation in the normal course of business. Management does not believe the ultimate resolution of these matters will have a material adverse effect on the Company's financial position and/or results of operations.

**NOTE 7 – SUBSEQUENT EVENTS**

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were available to be issued.

During 2024, the Company has taken steps to address current debt obligations. Through initiatives aimed at renegotiating terms and exploring alternative financing options, the Company is actively pursuing a more sustainable financial structure that aligns with the Company's long-term goals and objectives. Additionally, The Company filed a 506b ("Safe Harbor": Private Placement) with the U.S. Securities and Exchange Commission ("SEC") to raise $1,7000,000 in corporate bonds. The funding will provide crucial working capital needed to reach internal objectives, such as developing a strong leadership team to drive organizational change. These changes are aimed at aligning the leadership team with a strategic vision and fostering a culture of collaboration and innovation. During 2024, the Company anticipates receiving a $200,000 grant tied to talent development and training.

**VETCOR FRANCHISING LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

## VETCOR FRANCHISING LLC

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*December 31, 2022 and 2021*


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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
VetCor Franchising LLC
Tampa, Florida

**Opinion**

We have audited the financial statements of VetCor Franchising LLC (an S Corporation) (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VetCor 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 (GAAS). 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 the Company 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 these 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 the Company'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 GAAS 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 GAAS, 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 the Company'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 the Company'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.

April 14, 2023

Frazier & Deeter, LLC

## VETCOR FRANCHISING LLC

***Balance Sheets***

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash | $ 39,705 | $ 46,202 |
| Accounts receivable | 92,288 | 95,891 |
| Prepaid expenses | 1,640 | - |
| Current portion of deferred contract costs | 5,250 | - |
| Total current assets | 138,883 | 142,093 |
| Deferred contract costs, net of current portion | 29,750 | - |
| Total Assets | $ 168,633 | $ 142,093 |
| **Liabilities and Member's Deficit** | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | $ 67,345 | $ 43,378 |
| Current portion of contract liabilities | 138,636 | 121,920 |
| Total current liabilities | 205,981 | 165,298 |
| Due to related parties | 969,014 | 377,653 |
| Contract liabilities, net of current portion | 264,110 | 404,783 |
| Total liabilities | 1,439,105 | 947,734 |
| Member's Deficit | (1,270,472) | (805,641) |
| Total Liabilities and Member's Deficit | $ 168,633 | $ 142,093 |

See notes to financial statements.

## VETCOR FRANCHISING LLC

***Statements of Operations and Changes in Member's Deficit***

| | *For the Year Ended December 31,* | |
|---|---|---|
| | *2022* | *2021* |
| Revenues: | | |
| Franchise fees | $ 278,957 | $ 167,182 |
| Royalty fees | 299,798 | 305,020 |
| Marketing fund contributions | 47,357 | 49,153 |
| Other franchise revenues | 5,600 | - |
| Total revenues | 631,712 | 521,355 |
| Selling, general, and administrative expenses | 1,097,576 | 945,014 |
| Loss from operations | (465,864) | (423,659) |
| Other income (expense): | | |
| Interest income | 3,030 | - |
| Interest expense | (1,997) | - |
| Total other income (expense) | 1,033 | - |
| Net loss | (464,831) | (423,659) |
| Member's deficit, beginning of year | (805,641) | (381,982) |
| Member's deficit, end of year | $ (1,270,472) | $ (805,641) |

See notes to financial statements.

## VETCOR FRANCHISING LLC

*Statements of Cash Flows*

| (Decrease) Increase in Cash | For the Year Ended December 31, 2022 | 2021 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Net loss** | $ (464,831) | $ (423,659) |
| **Adjustments to reconcile net loss to net cash (used in) provided by operating activities:** | | |
| **Changes in assets and liabilities:** | | |
| Accounts receivable | 3,603 | (68,654) |
| Prepaid expenses | (1,640) | - |
| Deferred contract costs | (35,000) | - |
| Accounts payable and accrued liabilities | 23,967 | 31,770 |
| Due to related parties | 381,361 | 379,529 |
| Contract liabilities | (123,957) | 82,818 |
| Net cash (used in) provided by operating activities | (216,497) | 1,804 |
| **Cash flows from financing activities:** | | |
| Advances from related party (see Note 3) | 210,000 | - |
| Net (decrease) increase in cash | (6,497) | 1,804 |
| **Cash, beginning of year** | 46,202 | 44,398 |
| **Cash, end of year** | $ 39,705 | $ 46,202 |
| **Supplemental Disclosure of Cash Flow Information:** | | |
| Cash paid for interest | $ 1,997 | $ - |

See notes to financial statements.

Note 1 - Description of business and summary of significant accounting policies:

VetCor Franchising LLC (the Company) was organized in the state of Florida on April 15, 2019 to offer franchise opportunities to veterans throughout the United States of America who want to own and operate a VetCor franchise. VetCor franchises provide residential and commercial water, fire, smoke, and mold restoration services with additional services such as cleaning, drying and repair of damaged structural areas, restoration after disasters, and general contracting.

Basis of presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Common control

The Company and its affiliates are under the common control of the owner of the Company, Team VetCor, LLC. The existence of that control could result in operating results or a financial position of the Company significantly different from that which would have been obtained if the entities were autonomous. Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 810, *Consolidation*, permits private companies with certain qualifying common control arrangements to elect an accounting alternative for purposes of applying the guidance of the variable interest model (commonly referred to as the private company accounting alternative). The Company meets the criteria and elected to apply this alternative and, therefore, is not required to evaluate its affiliates for potential consolidation under the provisions of the variable interest model. The Company has six affiliates as follows:

VetCor, LLC was incorporated in the state of Florida on November 3, 2013 and operated three franchise locations until 2020, when one location was closed.

VetCor Systems, LLC was incorporated in the state of Florida on April 15, 2019 and manages all information technology systems and software on behalf of the franchisees.

VetCor Quartermaster, LLC was incorporated in the state of Florida on July 13, 2019 and manages all vendor relations and purchases on behalf of the franchisees.

VetCor Intelligence, LLC was incorporated in the state of Florida on August 26, 2019 and is the owner of the intellectual property/trademarks.

VetCor Base Camp, LLC was incorporated in the state of Florida on March 26, 2020 and is the owner of the building, real estate, and real property where the other affiliates conduct business.

Note 1 - Description of business and summary of significant accounting policies - continued:

Common control - continued

VetCor Tactical Response, LLC was incorporated in the state of Florida on March 26, 2020, conducts estimating as a service for franchisees if they choose that offering after their first year in business, and will also do business as VetCor Training Academy as the business conducts the Institute of Inspection, Cleaning and Restoration Certification (IIRC) training for technicians within the franchise system and others as requested.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates that are critical to the accompanying financial statements relate principally to the recoverability of receivables and allocation of franchise fees to pre-opening costs, which are recognized as revenue when franchise locations are opened. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. It is at least reasonably possible that management's estimates could change in the near term with respect to this matter.

Revenue recognition

The Company accounts for revenues from contracts with customers under FASB ASC 606, *Revenue from Contracts with Customers*, which provides for the recognition of revenue to depict the transfer of services to customers in an amount that reflects the consideration expected to be received in exchange for those services. The Company elected the practical expedient that allows pre-opening services to be accounted for as distinct from the franchise license. In addition, the Company made the accounting policy election to recognize pre-opening services as a single performance obligation.

The Company's revenue recognition is based on the timing of satisfaction of performance obligations. The Company's sources of revenues are from franchising operations and consist of the following:

- Franchise fees - The franchise fee grants the franchisee rights to utilize the VetCor system and trade name intellectual property (IP) in a specified territory over the franchise term, which is typically five years. Franchise fees are paid up front, and a portion of the fee is allocated to pre-opening services, including training, facilities,

Note 1 - Description of business and summary of significant accounting policies - continued:

Revenue and recognition - continued

and other administrative assistance. Franchisees receive the benefits from the pre-opening services when locations open, and therefore that portion of the fee is recognized upon opening. Franchisees receive the benefits from the use of the IP as the franchise locations earn revenue, and therefore the remaining fee is recognized over the term of the franchise contract. For the years ended December 31, 2022 and 2021, franchise fees include $52,128 and $86,594, respectively, of pre-opening services revenue.

- Royalty fees - Royalty fees are variable and are generally calculated based on 7% of sales. The license of the IP provides access over the term of the contract without any other performance obligation other than keeping the IP active, and is therefore considered a right-to-access license of symbolic IP. Sales-based royalties for the right-to-access licenses are recognized over the license period as the related sales occur.

- Marketing fund contributions - Marketing fund contributions are variable based on 1% of sales. The marketing fund is used for marketing, advertising, and public relations materials, programs and campaigns, and related overhead. Sales-based marketing fund contributions are recognized over the license term as the related sales occur.

Amounts received prior to recognition of the related revenue are recorded as contract liabilities (see Note 4).

Accounts receivable and allowance for doubtful accounts

Accounts receivable are presented net of estimated uncollectible accounts. Management evaluates the allowance for doubtful accounts on a regular basis for adequacy based upon a periodic review of the collectability of the receivables in light of historical experience, adverse situations that may affect customers' ability to pay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Management performs ongoing credit evaluations of customers and generally does not require collateral as management believes the Company has certain collection measures in place to limit the potential for significant losses. At December 31, 2022 and 2021, there was no allowance for doubtful accounts, and the Company did not write off any accounts receivable during the years ended December 31, 2022 and 2021. Accounts receivable totaled $92,288, $95,891, and $27,237 at December 31, 2022, 2021, and 2020, respectively.

Note 1 - Description of business and summary of significant accounting policies - continued:

Accounts and accrued receivables and allowance for doubtful accounts - continued

Accounts receivable at December 31, 2022 and 2021 includes $0 and $24,177 of unbilled revenue, respectively.

Deferred contract costs

Deferred contract costs are stated at gross amounts paid less accumulated amortization. Broker fees paid related to the sale of franchise agreements with franchisees are deferred if they are incremental and recoverable costs of obtaining a franchise agreement. Deferred contract costs are amortized over the estimated operating life of the related franchise, which is typically five years. The amortization period is adjusted for significant changes in the estimated remaining term of a contract and terminations of franchise agreements due to default or early termination provisions. An impairment of deferred contract costs is recognized when the unamortized balance of deferred contract costs exceeds the remaining amount of consideration expected to be received, net of the expected future costs directly related to providing those services. At December 31, 2022 and 2021, deferred incremental costs of obtaining a contract totaled $35,000 and $0, respectively. No amortization expense was recorded for the years ended December 31, 2022 and 2021, as contract costs incurred pertain to a franchise expected to begin operations in 2023.

Amounts expected to be recognized into expense related to deferred contract costs that are unsatisfied (or partially unsatisfied) as of December 31, 2022 are as follows:

| Year Ending December 31, | |
|---|---|
| 2023 | $ 5,250 |
| 2024 | 7,000 |
| 2025 | 7,000 |
| 2026 | 7,000 |
| 2027 | 7,000 |
| Thereafter | 1,750 |
| | $ 35,000 |

Income taxes

The Company is a single-member limited liability company and considered to be a disregarded entity for income tax purposes. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements as the results of operations are included in the income tax return of the Company's member.

Note 1 - Description of business and summary of significant accounting policies - continued:

Income taxes - continued

The Company is required to evaluate each of the tax positions taken to determine if they are more likely than not to be sustained if the taxing authority examines the respective position. A tax position includes an entity's status as a pass-through entity, and the decision not to file a tax return. The Company believes its methods of accounting are based on established income tax principles approved in the Internal Revenue Code and that no significant uncertain tax positions have been taken within its income tax returns. In addition, income tax returns have been filed in all applicable jurisdictions in which the Company has material nexus warranting an income tax return filing.

Concentrations

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains its cash in deposit accounts with a bank operating in the Southeastern United States. The balances in the accounts, at times, may exceed federally insured limits. The accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. As of December 31, 2022, the Company did not have balances in excess of FDIC-insured limits. The Company has not experienced any losses in such accounts.

Approximately 57% and 67% of revenues arose from three franchisees in 2022 and 2021, respectively. Two franchisees accounted for approximately 84% and 83% of accounts receivable as of December 31, 2022 and 2021, respectively.

Advertising

The Company expenses all advertising costs as incurred. Advertising costs totaled approximately $111,000 and $144,000 for the years ended December 31, 2022 and 2021, respectively.

Subsequent events

The Company has evaluated subsequent events through April 14, 2023, which is the date these financial statements were available to be issued. All subsequent events, if any, requiring recognition as of December 31, 2022, have been incorporated into these financial statements.

Note 2 - Franchise fees:

The franchise agreement term is 5 years and initial franchise fees range from $30,000 to $75,000. During 2022 and 2021, respectively, 3 and 8 new franchise locations were opened. At December 31, 2022 and 2021, respectively, there were 23 and 22 franchises in operation, including 1 and 2 owned by an affiliate.

Note 3 - Transactions with related parties:

Various expenses are paid through Team VetCor, LLC and affiliates or are allocated to the Company and affiliates, and there are cash transfers between these entities throughout the year to fund their respective operations. The expenses allocated to the Company or paid for through related parties for the years ended December 31, 2022 and 2021, totaled approximately $123,000 and $799,000, respectively. Included in this total are rent and related expenses of approximately $99,000 and $34,000, respectively, which are allocated to the Company and its affiliates monthly based on square footage occupied for office space owned by VetCor Base Camp, LLC.

During the year ended December 31, 2022, the Company received cash transfers from and paid expenses for Team Vetcor, LLC and affiliates totaling approximately $468,000, including $210,000 received from a member of Team Vetcor, LLC who is an officer of the Company. There are no formal repayment terms or interest charges related to this activity, which is included in due to related parties in the balance sheet at December 31, 2022.

The net due to related parties balances of $969,014 and $377,653 at December 31, 2022 and 2021, respectively, are included in long-term liabilities on the balance sheets as repayment is not anticipated during the next year.

Note 4 - Contract liabilities:

As stated in Note 1, franchise fees net of amounts allocated to pre-opening services are recognized over the term of the franchise agreements. Contract liabilities arise from franchise fees received upon execution of the contracts before the related revenue is earned.

Note 4 - Contract liabilities - continued:

During the years ended December 31, 2022 and 2021, the franchise fee contract liability activity was as follows:

| | |
|---|---|
| Balance January 1, 2021 | $ 443,885 |
| Franchise fees collected | 250,000 |
| Revenue recognized | (167,182) |
| Balance December 31, 2021 | 526,703 |
| Franchise fees collected | 155,000 |
| Revenue recognized | (278,957) |
| Balance December 31, 2022 | 402,746 |
| Current portion | 138,636 |
| Contract liabilities, net of current portion | $ 264,110 |

Amounts expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2022 are as follows:

| Year Ending December 31, | |
|---|---|
| 2023 | $ 138,636 |
| 2024 | 122,295 |
| 2025 | 77,759 |
| 2026 | 45,625 |
| 2027 | 16,510 |
| Thereafter | 1,921 |
| | $ 402,746 |

At December 31, 2021, a total of $105,000 of franchise fees had been collected for franchises sold that had no scheduled opening dates. The fees were included in contract liabilities, net of current portion at December 31, 2021. During 2022, the Company repurchased these franchises for $0 and recognized $105,000 of franchise fee revenue.

Note 5 - Commitments and contingencies:

The Company is involved in certain litigation in the normal course of business. Management does not believe the ultimate resolution of these matters will have a material adverse effect on the Company's financial position and/or results of operations.

**EXHIBIT F**

# OPERATING MANUAL TABLE OF CONTENTS

**VetCor**
*Franchise Operations Manual*
*Table of Contents*

| Section | Number of Pages |
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| Introduction | 18 |
| Establishing the Business | 49 |
| Personnel | 101 |
| Administrative Procedures | 23 |
| Daily Procedures | 32 |
| Marketing | 19 |
| | |
| **Total Number of Pages** | **242** |

# EXHIBIT G

# CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

| Franchisee Name | Owner | Business Address | Business Phone Number |
|---|---|---|---|
| VetCor of Mobile | VetCor of Mobile, LLC | 4434 Bent Tree Road, Eight Mile, AL 36613 | 251-599-1708 |
| VetCor of Sarasota-Manatee | FM Operatives LLC | 1800 Northgate Blvd., Unit A-3, Sarasota, FL 34324 | 941-799-1106 |
| VetCor of Sarasota-Manatee | FM Operatives LLC | 1800 Northgate Blvd., Unit A-3, Sarasota, FL 34324 | 941-799-1106 |
| VetCor of N. Pinellas | Invictus Mitigation, LLC | 1327 Sunset Court, Tarpon Springs, FL 34689 | 727-937-3300 |
| VetCor of S. Pinellas | Invictus Mitigation, LLC | 1327 Sunset Court, Tarpon Springs, FL 34689 | 727-937-3300 |
| VetCor of Norcross | Salmon Enterprise, Inc. | 1394 Indian Trail-Lilburn Road, Suite 100, Norcross, GA 30093 | 770-445-2343 |
| VetCor of the Bluegrass | Fox Creek Ventures, LLC | 701 E. 7th, Unit 120, Lexington, KY 40511 | 859-797-0896 |
| VetCor of Miami Valley | FFP Corporation | 1975 N. US Route 42, Lebanon, OH 45036 | 513-653-3660 x102 |
| VetCor of Central Texas | R & B Phoenix Corporation | Denton Center 2201 Denton Drive, Austin, TX 78758 | 512-448-1002 |
| VetCor of Central Texas | R & B Phoenix Corporation | Denton Center 2201 Denton Drive, Austin, TX 78758 | 512-448-1002 |
| VetCor of Central Texas | R & B Phoenix Corporation | Denton Center 2201 Denton Drive, Austin, TX 78758 | 512-448-1002 |
| VetCor of Hampton Roads | DeRosa Construction LLC | 151 Kristiansand Drive, Suite 107, Williamsburg, VA 23188 | 757-640-9495 |

Names of all current franchisees who have signed a Franchise Agreement, but have not yet opened as of the end of our last fiscal year:

| Franchisee Name | Owner | Business Address | Business Phone Number |
|---|---|---|---|
| VetCor of Fort Myers | FM Operatives LLC | 2621 NE 9th Avenue, Unit 4, Cape Coral, FL 33909 | 941-799-1106 |

Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

| Franchisee Name | Owner | Business Address | Business Phone Number |
|---|---|---|---|
| Neumann Emergency Services, LLC (x7) | Jason Neumann | 1716 Kelley Ave, Kissimmee, FL 34744 | 877-762-6350 |
| JXAJ Investments, LLC (x1) | Alex Van | 4350A Seaboard Road, Orlando, FL 32808 | 407-310-5199 |
| Evans Emergency Service, LLC (x2) | Elizabeth Evans | 801 Sandpiper Lane, Ponte Vedra Beach, FL 32082 | 904-337-5555 |

# EXHIBIT H

## STATE ADDENDA TO DISCLOSURE DOCUMENT

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

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.

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

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT RISK IF YOUR FRANCHISE FAILS.

No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

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

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires the franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

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

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

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

4. The following paragraph is added at the end of Item 19 of the Disclosure Document:

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

## HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

**THESE FRANCHISES 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.**

**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 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, 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.**

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

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

Commissioner of Securities
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: _____

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

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction of venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

"National Accounts" and "Commercial Accounts" exist in this franchise system, where services are requested by or performed on behalf of insurance companies. Franchisor reserves the right to determine whether you are capable of providing services to National Accounts within your territory. The Franchisor will control all billing and collections for National Accounts while withholding 15% of the Gross Sale amount, along with all other fees due to Franchisor.

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

## MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 5:

> Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

The following is added to Item 11:

> You may obtain an accounting of advertising expenditures by the Marketing Fund by making a written request to us.

The following is added to Item 17:

> Pursuant to COMAR 02-02-08-16L, 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.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
>
> The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.
>
> The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulations states that it is an unfair or deceptive trade 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.
>
> No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subdiv. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

- Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subdiv. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subdiv. 5, which states, "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

- Due to the Franchisor's financial condition, the Minnesota Department of Commerce has imposed the requirement that we defer collection of all initial fees until your franchise has opened for business.

**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.**

**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 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 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.**

## NEW YORK ADDENDUM TO 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 SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation,

actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney’s fees.

## RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

> Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## SOUTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of South Dakota only, this Disclosure Document is amended as follows:

Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

## VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

> No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

The following is added to the end of Item 5:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The following statements are added to Item 17(h):

> 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 the 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.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

## WASHINGTON ADDENDUM TO 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.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

_____ _____

FRANCHISOR FRANCHISEE

# EXHIBIT I

## STATE ADDENDA TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

**ILLINOIS RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (collectively, the "Agreements"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Illinois Act" means the Illinois Franchise Disclosure Act of 1987.

**2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.

**3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.

**4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**5. National Accounts and Commercial Accounts**. "National Accounts" and "Commercial Accounts" exist in this franchise system, where services are requested by or performed on behalf of insurance companies. Franchisor reserves the right to determine whether you are capable of providing services to National Accounts within your territory. The Franchisor will control all billing and collections for National Accounts while withholding 15% of the Gross Sale amount, along with all other fees due to Franchisor.

**6.** No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**6. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: VETCOR FRANCHISING LLC |
| --- | --- |
| _____ | |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**INDIANA RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Indiana Acts" means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to 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 to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase

notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**MARYLAND RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

1. **Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Maryland Franchise Law" means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.

**2. No Waiver of State Law In Sale.** All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**3. No Release of Liability.** Pursuant to COMAR 02-02-08-16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Law.

**4. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.

**5. Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

**6. Dispute Resolution**. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulations states that it is an unfair or deceptive trade 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.

**7.** No disclaimer, questionnaire clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

[*Signatures on the following page*]

Agreed to by:

| FRANCHISEE: | FRANCHISOR: VETCOR FRANCHISING LLC |
| --- | --- |
| _____ | |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**MINNESOTA RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subdiv. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non- renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subdiv. 1(g).

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subdiv. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

- Due to the Franchisor's financial condition, the Minnesota Department of Commerce has imposed the requirement that we defer collection of all initial fees until your franchise has opened for business.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
| --- | --- |
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**NEW YORK RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve VetCor Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.

**3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by VetCor Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.

**4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.

**5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

(1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.

(2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.

(3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.

(5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.

(6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.

(7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.

(8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.

(9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

(10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
| --- | --- |
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**RHODE ISLAND RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT**

This Rider amends the Franchise Agreement and/or Area Development Agreement dated _____ (the "Agreement"), between VetCor Franchising, LLC, a Florida limited liability company ("VetCor Franchising") and _____, a _____ _____ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2.** Payment of the initial franchise fee shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

# WASHINGTON FRANCHISE AGREEMENT ADDENDUM AND AREA DEVELOPMENT AGREEMENT

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.

In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Area Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

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.

The undersigned does hereby acknowledge receipt of this addendum.

Agreed to by:

| FRANCHISEE: | FRANCHISOR: |
|---|---|
| _____ | VETCOR FRANCHISING LLC |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**This addendum may also be used as a rider to the Franchise Disclosure Document.**

## STATE EFFECTIVE DATES

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

This 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:

| State | Effective Date |
|---|---|
| California | |
| Hawaii | |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | |
| New York | August 13, 2024 |
| North Dakota | |
| Rhode Island | |
| South Dakota | |
| Virginia | July 31, 2024 |
| 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.

## RECEIPT

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

If VetCor Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If VetCor Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Paul Huszar | 7707 S O'Brien St., Tampa, FL 33616 | (844) 838-2671 |
| Patrick Sommer | 7707 S O'Brien St., Tampa, FL 33616 | (844) 838-2671 |
| | | |

Issuance Date: April 29, 2024 as amended on November 8, 2024

I received a disclosure document dated April 29, 2024 as amended on November 8, 2024 that included the following Exhibits:

A. State Administrators and Agents for Service of Process
B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
C. Area Development Agreement
D. Form of General Release
E. Financial Statements
F. Operating Manual Table of Contents
G. Current and Former Franchisees
H. State Addenda to Disclosure Document
I. State Addenda to Franchise Agreement

Signature: _____
Print Name: _____
Date Received: _____

**Keep This Copy For Your Records**

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

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The name, principal business address, and telephone number of each franchise seller offering the franchise is:

| Name | Principal Business Address | Telephone Number |
|---|---|---|
| Paul Huszar | 7707 S O'Brien St., Tampa, FL 33616 | (844) 838-2671 |
| Patrick Sommer | 7707 S O'Brien St., Tampa, FL 33616 | (844) 838-2671 |
| | | |

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E. Financial Statements
F. Operating Manual Table of Contents
G. Current and Former Franchisees
H. State Addenda to Disclosure Document
I. State Addenda to Franchise Agreement

Signature: _____
Print Name: _____
Date Received: _____

**Return this copy to us.**
**VetCor Franchising LLC**
**7707 S O'Brien St., Tampa, FL 33616**