RANCHISE DISCLOSURE DOCUMENT

Zoom Room Franchising, LLC
a Colorado limited liability company
11836 Teale Street
Culver City, CA 90230
Phone: (877) 966-6766
E-mail: admin@zoomroom.com
zoomroom.com

Zoom Room Franchising, LLC grants franchises for the operation of businesses that provide obedience and agility training, solution-oriented pet retail products, social events for dogs and their owners, and other related services ("**Zoom Room Franchised Business(es)**").

If you purchase the right to operate single a Zoom Room Franchised Business, the total investment necessary to begin operation of a Zoom Room Franchised Business is between $271,660.00 and $407,410.00, including $52,060.00 that must be paid to the franchisor or its affiliates.

Certain prospective franchisees may also be offered the opportunity to become a Multi-Unit Operator, earning the right to establish and operate a minimum of three Zoom Room Franchised Businesses under a Multi-Unit Development Agreement containing a development schedule. If you sign a Multi-Unit Development Agreement with us for three Zoom Room Franchised Businesses, the total investment necessary to begin operation of a Multi-Unit Operator business is between $342,160.00 and $477,910.00, which includes $122,560.00 that must be paid to franchisor or its affiliates at the time the Multi-Unit Development Agreement is signed. If you sign a Multi-Unit Development Agreement with us for five Zoom Room Franchised Business, the total investment necessary to begin operation of a Multi-Unit Operator business is between $402,160.00 and $537,910.00, which includes $182,560.00 that must be paid to franchisor or its affiliates at the time the Multi-Unit Development Agreement is signed.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mark Van Wye at 11836 Teale Street, Culver City, CA 90230 and (877) 966-6766.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: December 1, 2022

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Zoom Room Franchised 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 Zoom Room Franchised Business franchisee?	Item 20 or Exhibit E 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 and multi- unit development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Los Angeles County, California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.

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

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

NOTICE REQUIRED BY
STATE OF MICHIGAN

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

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

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms 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 six (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 or 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 subfranchisor.

(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.

The fact 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 the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT **EXHIBIT G**.

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

To simplify the language in this Franchise Disclosure Document, "ZRF," and "we," "our," and "us" means Zoom Room Franchising, LLC, the franchisor. "You," "your," and "Franchisee" means the person, and its owners if the Franchisee is a business entity, who buys the franchise from ZRF.

The Franchisor

ZRF is a Colorado limited liability company. We operate under the name Zoom Room Franchising, LLC, Zoom Room, and no other name. Our principal business address is 11836 Teale Street, Culver City, CA 90230. We were formed on July 8, 2017. We began offering franchises for Zoom Room Franchised Businesses in August 2017. We have not, and do not, operate any franchises like those described in this Franchise Disclosure Document, or in any other line of business. We do not conduct any other business other than franchising Zoom Room Franchised Businesses.

We have one parent, which is also a predecessor. Zoom Room, Inc. ("**ZRI**") was formed on December 1, 2008. ZRI offered franchises for Zoom Room Franchised Businesses from April 2009 through July 2017. We acquired substantially all of the franchise assets from ZRI on August 1, 2017.

We also have two affiliates, Zoom Room IP, LLC ("**ZRIP**") and Clyde Orange, LLC ("**COL**"). ZRIP and COL share our principal business address. ZRIP owns the Zoom Room intellectual property and licenses certain intellectual property to us and our affiliates. ZRIP does not conduct any other business except licensing intellectual property and does not and has not offered franchises in this or any other line of business. COL owns and/or operates one Zoom Room Franchised Businesses, located in Culver City, California, which is substantially similar to those franchised businesses being offered under this Franchise Disclosure Document. Prior to the close of our fiscal year, COL also owned and operated a Zoom Room Franchised Business located in Belmont, California, but sold that Zoom Room Franchised Business to a franchisee prior to the issuance date of this disclosure document. Prior to the close of our fiscal year, COL also owned and operated a Zoom Room Franchised Business located in Redondo Beach, California, but closed the location and sold certain assets of that Zoom Room Franchised Business to a franchisee prior to the issuance date of this disclosure document. COL does not and has not offered franchises in this or any other line of business.

ZRF's and ZRIP's agent for service of process is Universal Registered Agents, Inc., 36 South 18th Avenue, Suite D, Brighton, CO 80601. ZRI's and COL's agent for service of process is Mark Van Wye, 11836 Teale Street, Culver City, CA 90230. Our agents for service of process for other states are identified by state in **Exhibit A**. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

We offer franchises for the operation of businesses that provide obedience and agility training, solution-oriented pet retail products, social events for dogs and their owners, and other related services ("**Zoom Room Franchised Businesses**") for the use of our "ZOOM ROOM" trademarks, trade names, service marks, and logos (collectively, "**Marks**") for the operation of Zoom Room Franchised Businesses. Zoom Room Franchised Businesses are operated under our proprietary Zoom Room system ("**System**"). The System may be changed or modified by us throughout your ownership of the Franchise. Zoom Room Franchised Businesses provide obedience and agility training, solution-oriented pet retail products, and social events for dogs and their owners. You will operate your Zoom Room Franchised Business from an

approved retail location ("**Dog Training Gym**"). You must sign our standard franchise agreement ("**Franchise Agreement**") attached to this Franchise Disclosure Documents as **Exhibit B**. You may operate no more than one Zoom Room Franchised Business for each Franchise Agreement you sign. If you meet the qualifications to operate multiple units, (a minimum of three and a maximum of five) you must sign our multi-unit agreement ("**Multi-Unit Development Agreement**"), attached to this Franchise Disclosure Document as **Exhibit I**, and our then-current Franchise Agreement, which may be materially different than the agreement included as **Exhibit B**, for each unit listed in the Multi-Unit Development Agreement.

Market and Competition

Zoom Room Franchised Businesses service the general public with dogs in urban and suburban areas. Zoom Room Franchised Businesses' services are not seasonal. The market for dog training, exercise, and playtime for dogs and their owners is well developed and competitive. Zoom Room Franchised Businesses compete with other businesses including franchised operations, national chains, and independently owned businesses providing similar services. You will also face normal business risks that could have an adverse effect on your Zoom Room Franchised Business.

Industry-Specific Laws

Most states and localities have specific laws and regulations covering businesses that provide dog related services that may affect your Zoom Room Franchise, including requirements with respect to facility inspections and licensing. In addition, your Dog Training Gym may be prohibited from operating in certain areas due to local zoning restrictions. Also, many municipalities have noise ordinances that may be applicable to your Dog Training Gym. Federal and state septic and waste disposal regulations may also be applicable. There may be other laws, rules, regulations, and ordinances which may apply to the operation of your Zoom Room Franchised Business, including those which: (a) require a permit, certificate, or other license; (b) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Dog Training Gym site and premises; (c) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; (f) require facility inspections and licensing.

You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Zoom Room Franchise, despite any advice or information that we may give you. You must also obtain all necessary permits, licenses, and approvals to operate your Zoom Room Franchised Business. You should consult with a legal advisor about whether these and/or other requirements apply to your Zoom Room Franchised Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

ITEM 2
BUSINESS EXPERIENCE

Mark Van Wye: Chief Executive Officer

Mr. Van Wye is our Chief Executive Officer and has been so since July 2017. Mr. Van Wye is also currently the Chief Executive Officer of Clyde Orange LLC in Culver City, California, and has been so since February 2016. Prior to this, Mr. Van Wye served as the Chief Executive Officer of Zoom Room, Inc., in Culver City, California, from January 2016 to July 2017. From May 2010 to February 2016, Mr.

Van Wye served as the President of Clyde Orange LLC in Culver City, California. From February 2009 to December 2015, Mr. Van Wye served as the Chief Operating Officer of Zoom Room, Inc., in Culver City, California.

Anthony Polazzi: Chief Financial Officer

Mr. Polazzi serves as our Chief Financial Officer and has done so since January 2018. Mr. Polazzi also currently serves as the President of AP Franchised Concepts, LLC in Lighthouse Point, Florida, and has done so since March 2016. Prior to this, Mr. Polazzi served as Managing Director for Sun Capital Partners, Inc., in Boca Raton, Florida, from October 2003 until February 2016.

Catherine Uhlinger: Director of Franchise Sales

Ms. Uhlinger has been our Director of Franchise Sales since August 2019. From April 2018 until August 2019, Ms. Uhlinger was a Franchise Business Consultant for CREAM, Inc. located in Millbrae, California. Prior to that position, from May 2012 until April 2018, Ms. Uhlinger was the Area Leader for Domino's Pizza, located in Ann Arbor, Michigan.

Stephanie Knepp: Vice President of Operations

Ms. Knepp is our Vice President of Operations and has been since April 2022. Previous to this, Ms. Knepp served as Director of Franchise Operations for WellBiz Brands, Inc. located in Denver, Colorado from November 2018 to March of 2022.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES PAID TO THE FRANCHISOR

Initial Franchise Fee

If you purchase a single unit Zoom Room Franchised Business from us, or if you purchase an existing single unit Zoom Room Franchised Business from a Zoom Room franchisee, you must pay us an initial franchise fee ("**Initial Franchise Fee**") of $49,500 when you sign the Franchise Agreement. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement, is deemed fully earned by us once the Franchise Agreement is signed and is non-refundable for any reason.

During the last fiscal year, September 1, 2021 to August 31, 2022, we sold thirty franchises and we collected Initial Franchise Fees ranging from $44,550 to $49,500. The lower end of this range reflects franchises sold to veterans which qualified for the 10% VetFran discount of the Initial Franchise Fees, as described below.

Multi-Unit Development Fee

Certain well qualified prospective franchisees may be offered the opportunity become a Multi-Unit Operator ("**Multi-Unit Operator**"), earning the right to establish and operate a minimum of three Zoom Room Franchised Businesses under a Multi-Unit Development Agreement ("**Multi-Unit Development Agreement**") when they apply to acquire the right to operate a Zoom Room Franchised Business. If you sign a Multi-Unit Option Agreement with us for three Zoom Room Franchised Businesses, you must pay us a multi-unit development fee ("**Multi-Unit Development Fee**") of $120,000 when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. If you sign a Multi-Unit Option Agreement with us for four or more Zoom Room Franchised Businesses, you must pay us a Multi-Unit Development Fee equal to the number of Zoom Room Franchised Businesses granted pursuant to the Multi-Unit Option Agreement multiplied by $36,000 when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee is due in full at the time you sign the Multi-Unit Development Agreement and the first Franchise Agreement, is deemed fully earned by us once the Multi-Unit Development Agreement is signed and is non-refundable for any reason. If you purchase sign a Multi-Unit Development Agreement with us, you will not be required to pay a separate Initial Franchise Fee for any of the subsequent Franchise Agreements you sign pursuant to the requirements of the Multi-Unit Development Agreement.

During the last fiscal year, we signed and sold eight Multi-Unit Development Agreements for 24 franchise units and collected Multi-Unit Development Fees ranging from $115,050 to $120,000.

Point of Sale System and Software

You are also required to license the proprietary operations software for your Zoom Room Franchised Business ("**Software**") from us. The initial setup fee for Software is $400 per location and is due and payable no later than 60 days before you begin operation of your Zoom Room Franchised Business or earlier if you request access to the Software earlier. The Software has been specially designed and suited for use in the operation of a Zoom Room Franchised Business. You will begin paying us the Software Fee when you are provided access to the Software, but no later than when you begin operation of your Zoom Room Franchised Business. Pursuant to ITEM 7, $2,160 reflects provisioning software 60 days prior to opening plus the first 3 months of operations.

VetFran

To honor those men and women who have served in the U.S. military, the Veterans Transition Franchise Initiative, known as "VetFran," was developed to help those individuals' transition to civilian life. This initiative is a voluntary effort of International Franchise Association (IFA) member-companies and is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. We offer a ten percent (10%) discount of the Initial Franchise Fee for the first Franchised Business to individuals who qualify under VetFran. During the last fiscal year, we sold two franchises to veterans.

ITEM 6
OTHER FEES

Type of Fee	Amount	When Due	Remarks
Royalty[(1)]	8% of weekly Gross Sales	Due on Monday of each week	The "**Royalty**" is based on "**Gross Sales**" during the previous week.

Type of Fee	Amount	When Due	Remarks
National Advertising Fund Contribution	1% of weekly Gross Sales	Same as Royalty	This contribution will be used for a system-wide "**National Advertising Fund**" for our use in promoting and building the Zoom Room brand.
Local Advertising Payment	You must spend at least two percent (2%) of your monthly Gross Sales on local advertising, with a minimum required monthly spend of $1,000.	On demand	Local Advertising Payments are not paid to the Franchisor or its affiliates. If you fail to meet your required local advertising requirement on local advertising, you will be in default of your Franchise Agreement.
Local and Regional Advertising Cooperatives (2)	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. ITEM 11 contains more information about advertising cooperatives. Any advertising cooperative contributions will not be paid to the Franchisor or its affiliates.
Unauthorized Advertising Fee	$500 per occurrence	Upon demand	This fee is payable to the National Advertising Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement. This fee is in addition to any other rights or remedies available to us.
Insurance	You must reimburse our costs plus a 20% administrative fee	On demand	If you fail to obtain insurance required by the Operations Manual, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium as an administrative cost of obtaining the insurance.
Successor Franchise Fee	$10,000	Prior to signing Successor Franchise Agreement	This fee is due if you request the right to continue to operate your Zoom Room Franchised Business under the terms of a Successor Franchise Agreement.

Type of Fee	Amount	When Due	Remarks
Additional Training Fee	The current fee ($1,500 per person, plus expenses)	As incurred	Initial training is provided at no charge for up to two (2) people concurrently, one (1) of whom must be a principal owner. We may charge you for training additional persons, newly hired personnel, refresher training courses, advanced training courses, and additional or special assistance or training you need or request. You are responsible for all travel and lodging expenses for your employees who travel to our facility and for our employees who travel to your facility.
Software Fee	$400 per location setup fee and a weekly software fee (currently $108)	Initial set up fee due 60 days before beginning operations or earlier if you request access to the Software prior to your beginning operations. Weekly software fee due as of date access to the software is provided to you	We may change or update Software and you will be required to pay for updates or new Software. We reserve the right to upgrade and modify the Software.
National Franchisee Convention Fee	Varies each year (we estimate this fee to be between $200 to $300 per person)	As incurred	We may charge you an attendance fee for our annual meeting of all Zoom Room franchisees. This fee will partially cover our costs for conducting the annual meeting. This fee is non-refundable and is due even if you do not attend the convention. One individual from each franchised location is required to attend our annual meeting. Additional individuals from each franchised location may also attend our annual meeting, subject to payment of the National Franchisee Convention Fee.
Customer Issue Resolution	Reasonable costs we incur for responding to a customer complaint, which varies	On invoice	Payable if a customer of the Zoom Room Franchised Business contacts us with a complaint and we provide a gift card, refund, or other value to the customer as part of our addressing the issue.

Type of Fee	Amount	When Due	Remarks
Interest	Lesser of 1.5% per month or highest commercial contract interest rate allowed by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Audit Expenses	Cost of audit and inspection, any understated amounts, plus late fee of 1.5% interest per month on any understatement, and any related accounting and legal expenses (we estimate this cost to be between $1,000 and $15,000)	On demand	Payable if an audit reveals that you understated weekly Gross Sales by more than three percent (3%), if you failed to meet your local advertising requirement or you failed to submit required reports.
Indemnification	Will vary under circumstances	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur related in any way to your Zoom Room Franchised Business.
Management Fee	$300 per day, plus costs and expenses	As incurred	Payable if we manage the Zoom Room Franchised Business because you are in breach of the Franchise Agreement, we are deciding whether to operate your business after a default or if we decide to operate the business upon your death or disability.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Relocation Fee	$5,000	Upon approval of relocation request	Payable only if we approve your request to relocate your Zoom Room Franchised Business.
De-Identification	All amounts incurred by us related to de-identification	As incurred	Payable if we must de-identify your Zoom Room Franchised Business upon its termination, relocation, or expiration.

Type of Fee	Amount	When Due	Remarks
Sales Commissions[3]	Will vary based on third-party broker network used, commissions owed to our development team, or other third-party resource we utilize	Within 5 business days of sale closing	If you request our assistance in the sale of your Zoom Room Franchised Business and we use a third-party broker network, our internal development team, or any other third-party resource, you will be required to pay 100% of the sales commissions from the proceeds of the sale.

Notes:

All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via electronic funds transfer ("**EFT**") or other similar means and you are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in **Exhibit H**). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

1. Royalty. "**Gross Sales**" means all revenue from the sale of all products or services received by the Zoom Room Business, and regardless of collection in the case of credit, less any sales taxes or other taxes which, by law, are chargeable to customers. Gross Sales does not include the amount of any refunds. Gross Sales may also be adjusted in accordance with any provisions contained in the Confidential Operations Manual. Gross Sales does not include the amount of any refunds given to customers. Gross Sales consisting of products or services shall be valued at the retail prices applicable and in effect at the time that they are received.

2. Local and Regional Advertising Cooperatives. We reserve the right to establish a local or regional advertising cooperative if two or more Zoom Room Franchised Businesses are operating in a market designated by us. If a local or regional advertising cooperative is established, contribution amounts to the local or regional advertising cooperative will be established by the cooperative members. We anticipate that each Zoom Room Franchisee will have one vote for each Zoom Room Franchised Business operated by the member in the designated market. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.

3. Sales Commissions. If you request our assistance in the sale of your Zoom Room Franchised Business and we list your Zoom Room Franchised Business with a third-party broker network, utilize our internal development team, or utilize other third-party resources, you must pay any and all sales commission owed to the third-party broker, our internal development team, and/or other third-party resource utilized by us, as applicable, out of the proceeds of the sale of your Zoom Room Franchised Business. The sales commission must be paid to us or directly to the broker, if applicable, as directed by us, within five business days of the closing of the sale. The sales commission may vary based on the number of Zoom Room Franchised Businesses being sold and the third-party broker network or other third-party resource that we use.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE

ZOOM ROOM FRANCHISED BUSINESS

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee[(1)]	$49,500.00	$49,500.00	Lump Sum	When You Sign the Franchise Agreement.	Us
Real Estate/Rent[(2)]	$13,500.00	$27,000.00	Before Beginning Operations	As agreed with landlord.	Lessor
Security and Utility Deposits[(3)]	$4,500.00	$12,500.00	Before Beginning Operations	Before Opening	Lessor and Utilities
Leasehold Improvements[(4)]	$144,000.00	$171,000.00	Before Beginning Operations	As Agreed	Contractor, Suppliers
Initial Inventory[(5)]	$12,000.00	$24,000.00	As Agreed	Before Opening	Third Parties
Office Equipment and Supplies[(6)]	$4,400.00	$8,000.00	As Agreed	Before Opening	Third Parties
Travel and Lodging[(7)]	$1,500.00	$4,000.00	As Incurred	As Incurred	Third Parties
Signage[(8)]	$8,000.00	$20,000.00	Before Beginning Operations	Before Opening	Suppliers
Furniture, Fixtures and Equipment[(9)]	$17,800.00	$25,800.00	Before Beginning Operations	Before Opening	Suppliers
Grand Opening[(10)]	$2,000.00	$4,000.00	As Agreed	Before Opening	Suppliers
Subscriptions and Dues[(11)]	$350.00	$350.00	Before Beginning Operations	Before Opening	Suppliers
Licenses Permits [(12)]	$0.00	$4,000.00	Before Beginning Operations	Before Opening	Licensing Authorities
Professional Fees[(13)]	$1,800.00	$21,200.00	Before Beginning Operations	Before Opening	Attorney, Accountant, Architect

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Software Set-up Fees[(14)]	$400.00	$400.00	As Agreed	Before Opening	Us
Weekly Software Fee[(15)]	$2,160.00	$2,160.00	As Agreed	Before Opening	Us
Insurance[(16)]	$750.00	$3,500.00	As Agreed	Before Opening	Insurer
Additional Funds (3 months)[(17)]	$9,000.00	$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$271,660.00**	**$407,410.00**			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.

1. Initial Franchise Fee. If you sign a Franchise Agreement, the Initial Franchise Fee will be $49,500. The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement.

2. Real Estate/Rent. This estimate is based on a Zoom Room Franchised Business that is 3,000 square feet in size and includes three months' rent. In our experience over the last several years, the average rent for a Zoom Room Franchised Business, including all common area maintenance and triple net lease expenses, is estimated to range from $18 per square foot per year to $36 per square foot per year. Your actual rent payments may vary, depending upon your location and your market's retail lease rates. Zoom Room Franchised Businesses will typically be 2,800 to 3,200 square feet in size. Zoom Room Franchised Businesses are typically located in an area that has easy access to highways or major thoroughfares and adequate parking and may be located in retail Zoom Room Franchised Businesses or in stand-alone buildings on major streets with excellent visibility. If you purchase, instead of lease, the premises for your Zoom Room Franchised Business, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.

3. Security and Utility Deposits. This estimate includes the lease deposit required by the landlord and security deposits required by utility companies. In our experience, landlords for most Zoom Room Franchised Businesses require one month of rent as the lease deposit. The low range of these figures reflects an estimate of one month of low rent with no utility deposit and the high range of these figures reflects an estimate of one month of high rent and a $3,000 utility deposit.

4. Leasehold Improvements. Building and construction costs will vary depending upon the condition of the premises for the Zoom Room Franchised Business, the size of the premises, and local construction costs. This estimate does not include construction allowances that may be offered by the landlord, or the

extent and quality of improvements desired by you over and above our minimum requirements. In our experience over the last several years, typical leasehold improvements are estimated to range from $48 per square foot to $57 per square foot, with an average of $53 per square foot. The overwhelming majority of landlords (78%) have provided tenant improvement allowances for franchisees. The average tenant improvement allowance was $24 per square foot, resulting in an average savings of $82,300 in leasehold improvement costs.

5. Initial Inventory. You must purchase an initial inventory of pet retail products. Costs vary based upon the size and location of the Zoom Room Franchised Business, suppliers, and other related factors. In general, a Zoom Room Franchised Business with greater visibility and longer operating hours will require larger square footage allocated to retail products, and therefore a larger investment in initial inventory.

6. Office Equipment and Supplies. This includes phones, miscellaneous office equipment, and supplies.

7. Travel and Lodging. We provide training at our corporate office in greater Los Angeles, California or at another location designated by us. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to two people, one of which must be a principal owner; if additional initial training is required, or more people must be trained, an additional fee may be assessed. This estimate includes the travel and living expenses, including airfare, that you will incur when you and one other person attends the initial training program. It does not include any wages or salary for you or your employees during this training.

8. Signage. This amount includes the cost of both interior and exterior signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restriction. The signage requirements and costs will vary based upon the size and location of the Zoom Room Franchised Business, local zoning requirements, landlord requirements, and local wage rates for installation.

9. Furniture, Fixtures and Equipment. This includes computer hardware and software, POS agility equipment, seating, tables, and other furniture and equipment necessary to begin the operation of your Zoom Room Franchised Business. The requirements for the Computer System are detailed in ITEM 11.

10. Grand Opening. You must spend a minimum of $2,000, but may spend as much as $4,000, prior to the opening of the Zoom Room Franchised Business. This fee will be paid to suppliers of your grand opening materials.

11. Subscriptions and Dues. You must subscribe to certain national organizations before you open your Zoom Room Franchised Business, and you must pay annual dues to such national organizations.

12. Licenses and Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses, and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

13. Professional Fees. You may need to employ an attorney, accountant, architect or other consultant to assist you in establishing your Zoom Room Franchised Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants, architects and consultants.

14. Software Set-up Fee. There is a one-time set-up fee of $400 due 60 days before you open or at such time as you request access.

15. Weekly Software Fee. A weekly fee, which currently is $108, begins once your software has been provisioned to you. These numbers reflect provisioning software 60 days prior to opening plus the first three months of operations.

16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Zoom Room Franchised Business, your rates may be significantly higher than those estimated above.

17. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Zoom Room Franchised Business. They include payroll costs, utilities and other various and miscellaneous start-up costs, during the Zoom Room Franchised Business's first three months of operation, but not any draw or salary for you. The low range of these figures reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for one full time employee and the high range reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for two full time employees and one salaried Designated Manager. These figures do not include standard pre-opening expenses, Royalties, or National Advertising Fund contributions payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Zoom Room Franchised Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Zoom Room Franchised Business. You must bear any deviation or escalation in costs from the estimates that we have given. Additional funds for the operation of your Zoom Room Franchised Business will be required after the first three months of operation if sales produced by the Zoom Room Franchised Business are not sufficient to produce positive cash flow.

YOUR ESTIMATED INITIAL INVESTMENT IF YOU SIGN A MULTIPLE – UNIT AGREEMENT TO OPERATE THREE (3) ZOOM ROOM FRANCHISED BUSINESSES

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Unit Development Fee[(1)]	$120,000.00	$120,000.00	Lump Sum	When You Sign the Multi-Unit Development Agreement and Franchise Agreement.	Us
Real Estate/Rent[(2)]	$13,500.00	$27,000.00	Before Beginning Operations	When You Sign the Franchise Agreement	Lessor
Security and Utility Deposits[(3)]	$4,500.00	$12,500.00	Before Beginning Operations	Before Opening	Lessor and Utilities
Leasehold Improvements[(4)]	$144,000.00	$171,000.00	Before Beginning Operations	As Agreed	Contractor, Suppliers
Initial Inventory[(5)]	$12,000.00	$24,000.00	As Agreed	Before Opening	Third Parties
Office Equipment and Supplies[(6)]	$4,400.00	$8,000.00	As Agreed	Before Opening	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Travel and Lodging[7]	$1,500.00	$4,000.00	As Incurred	As Incurred	Third Parties
Signage[8]	$8,000.00	$20,000.00	Before Beginning Operations	Before Opening	Suppliers
Furniture, Fixtures and Equipment[9]	$17,800.00	$25,800.00	Before Beginning Operations	Before Opening	Suppliers
Grand Opening[10]	$2,000.00	$4,000.00	As Agreed	Before Opening	Suppliers
Subscriptions and Dues[11]	$350.00	$350.00	Before Beginning Operations	Before Opening	Suppliers
Licenses and Permits[12]	$0.00	$4,000.00	Before Beginning Operations	Before Opening	Licensing Authorities
Professional Fees[13]	$1,800.00	$21,200.00	Before Beginning Operations	Before Opening	Attorney, Accountant
Software Set-up Fees[14]	$400.00	$400.00	As Agreed	Before Opening	Us
Weekly Software Fee[15]	$2,160.00	$2,160.00	As Agreed	Before Opening	Us
Insurance[16]	$750.00	$3,500.00	As Agreed	Before Opening	Insurer
Additional Funds (3 months)[17]	$9,000.00	$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$342,160.00**	**$477,910.00**			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.

1. Multi-Unit Development Fee. If you sign a Multi-Unit Option Agreement for three Zoom Room Franchised Businesses, the Multi-Unit Development Fee will be $120,000 when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee is due in full at the time you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee and the Initial Franchise Fee for the second and subsequent Franchise Agreements will be $0.00.

2. Real Estate/Rent. This estimate is based on a Zoom Room Franchised Business that is 3,000 square feet in size and includes three months' rent. In our experience over the last several years, the average rent for a Zoom Room Franchised Business, including all common area maintenance and triple net lease expenses, is estimated to range from $18 per square foot per year to $36 per square foot per year. Your actual rent payments may vary, depending upon your location and your market's retail lease rates. Zoom Room Franchised Businesses will typically be 2,800 to 3,200 square feet in size. Zoom Room Franchised Businesses are typically located in an area that has easy access to highways or major thoroughfares and adequate parking and may be located in retail Zoom Room Franchised Businesses or in stand-alone buildings on major streets with excellent visibility. If you purchase, instead of lease, the premises for your Zoom Room Franchised Business, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.

3. Security and Utility Deposits. This estimate includes the lease deposit required by the landlord and security deposits required by utility companies. In our experience, landlords for most Zoom Room Franchised Businesses require one month of rent as the lease deposit. The low range of these figures reflects an estimate of one month of low rent with no utility deposit and the high range of these figures reflects an estimate of one month of high rent and a $3,000 utility deposit.

4. Leasehold Improvements. Building and construction costs will vary depending upon the condition of the premises for the Zoom Room Franchised Business, the size of the premises, and local construction costs. This estimate does not include construction allowances that may be offered by the landlord, or the extent and quality of improvements desired by you over and above our minimum requirements. In our experience over the last several years, typical leasehold improvements are estimated to range from $48 per square foot to $57 per square foot, with an average of $53 per square foot. The overwhelming majority of landlords (78%) have provided tenant improvement allowances for franchisees. The average tenant improvement allowance was $24 per square foot, resulting in an average savings of $82,300 in leasehold improvement costs.

5. Initial Inventory. You must purchase an initial inventory of pet retail products. Costs vary based upon the size and location of the Zoom Room Franchised Business, suppliers, and other related factors. In general, a Zoom Room Franchised Business with greater visibility and longer operating hours will require larger square footage allocated to retail products, and therefore a larger investment in initial inventory.

6. Office Equipment and Supplies. This includes phones, miscellaneous office equipment, and supplies.

7. Travel and Lodging. We provide training at our corporate office in greater Los Angeles, California or at another location designated by us. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to two people, one of which must be a principal owner; if additional initial training is required, or more people must be trained, an additional fee may be assessed. This estimate includes the travel and living expenses, including airfare, that you will incur when you and one other person attends the initial training program. It does not include any wages or salary for you or your employees during this training.

8. Signage. This amount includes the cost of both interior and exterior signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restriction. The signage requirements and costs will vary based upon the size and location of the Zoom Room Franchised Business, local zoning requirements, landlord requirements, and local wage rates for installation.

9. Furniture, Fixtures and Equipment. This includes computer hardware and software, POS agility equipment, seating, tables, and other furniture and equipment necessary to begin the operation of your Zoom Room Franchised Business. The requirements for the Computer System are detailed in ITEM 11.

10. Grand Opening. You must spend a minimum of $2,000, but may spend as much as $4,000, prior to the opening of the Zoom Room Franchised Business. This fee will be paid to suppliers of your grand opening materials.

11. Subscriptions and Dues. You must subscribe to certain national organizations before you open your Zoom Room Franchised Business, and you must pay annual dues to such national organizations.

12. Licenses and Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses, and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

13. Professional Fees. You may need to employ an attorney, accountant, architect or other consultant to assist you in establishing your Zoom Room Franchised Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants, architects and consultants.

14. Software Set-up Fee. There is a one-time set-up fee of $400 due 60 days before you open or at such time as you request access.

15. Weekly Software Fee. A weekly fee, which currently is $108, begins once your software has been provisioned to you. These numbers reflect provisioning software 60 days prior to opening plus the first three months of operations.

16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Zoom Room Franchised Business, your rates may be significantly higher than those estimated above.

17. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Zoom Room Franchised Business. They include payroll costs, utilities and other various and miscellaneous start-up costs, during the Zoom Room Franchised Business's first three months of operation, but not any draw or salary for you. The low range of these figures reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for one full time employee and the high range reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for two full time employees and one salaried Designated Manager. These figures do not include standard pre-opening expenses, Royalties, or National Advertising Fund contributions payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Zoom Room Franchised Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Zoom Room Franchised Business. You must bear any deviation or escalation in costs from the estimates that we have given. Additional funds for the operation of your Zoom Room Franchised Business will be required after the first three months of operation if sales produced by the Zoom Room Franchised Business are not sufficient to produce positive cash flow.

YOUR ESTIMATED INITIAL INVESTMENT IF YOU SIGN A MULTIPLE – UNIT AGREEMENT TO OPERATE FIVE (5) ZOOM ROOM FRANCHISED BUSINESSES

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Unit Development Fee[1]	$180,000.00	$180,000.00	Lump Sum	When You Sign the Multi-Unit Development Agreement and Franchise Agreement.	Us
Real Estate/Rent[2]	$13,500.00	$27,000.00	Before Beginning Operations	When You Sign the Franchise Agreement	Lessor
Security and Utility Deposits[3]	$4,500.00	$12,500.00	Before Beginning Operations	Before Opening	Lessor and Utilities
Leasehold Improvements[4]	$144,000.00	$171,000.00	Before Beginning Operations	As Agreed	Contractor, Suppliers
Initial Inventory[5]	$12,000.00	$24,000.00	As Agreed	Before Opening	Third Parties
Office Equipment and Supplies[6]	$4,400.00	$8,000.00	As Agreed	Before Opening	Third Parties
Travel and Lodging[7]	$1,500.00	$4,000.00	As Incurred	As Incurred	Third Parties
Signage[8]	$8,000.00	$20,000.00	Before Beginning Operations	Before Opening	Suppliers
Furniture, Fixtures and Equipment[9]	$17,800.00	$25,800.00	Before Beginning Operations	Before Opening	Suppliers
Grand Opening[10]	$2,000.00	$4,000.00	As Agreed	Before Opening	Suppliers
Subscriptions and Dues[11]	$350.00	$350.00	Before Beginning Operations	Before Opening	Suppliers
Licenses and Permits[12]	$0.00	$4,000.00	Before Beginning Operations	Before Opening	Licensing Authorities
Professional Fees[13]	$1,800.00	$21,200.00	Before Beginning Operations	Before Opening	Attorney, Accountant
Software Set-up Fees[14]	$400.00	$400.00	As Agreed	Before Opening	Us
Weekly Software Fee[15]	$2,160.00	$2,160.00	As Agreed	Before Opening	Us
Insurance[16]	$750.00	$3,500.00	As Agreed	Before Opening	Insurer

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Additional Funds (3 months)[17]	$9,000.00	$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	**$402,160.00**	**$537,910.00**			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.

1. Multi-Unit Development Fee. If you sign a Multi-Unit Option Agreement for five Zoom Room Franchised Businesses, the Multi-Unit Development Fee will be $180,000 when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee is due in full at the time you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee and the Initial Franchise Fee for the second and subsequent Franchise Agreements will be $0.00.

2. Real Estate/Rent. This estimate is based on a Zoom Room Franchised Business that is 3,000 square feet in size and includes three months' rent. In our experience over the last several years, the average rent for a Zoom Room Franchised Business, including all common area maintenance and triple net lease expenses, is estimated to range from $18 per square foot per year to $36 per square foot per year. Your actual rent payments may vary, depending upon your location and your market's retail lease rates. Zoom Room Franchised Businesses will typically be 2,800 to 3,200 square feet in size. Zoom Room Franchised Businesses are typically located in an area that has easy access to highways or major thoroughfares and adequate parking and may be located in retail Zoom Room Franchised Businesses or in stand-alone buildings on major streets with excellent visibility. If you purchase, instead of lease, the premises for your Zoom Room Franchised Business, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.

3. Security and Utility Deposits. This estimate includes the lease deposit required by the landlord and security deposits required by utility companies. In our experience, landlords for most Zoom Room Franchised Businesses require one month of rent as the lease deposit. The low range of these figures reflects an estimate of one month of low rent with no utility deposit and the high range of these figures reflects an estimate of one month of high rent and a $3,000 utility deposit.

4. Leasehold Improvements. Building and construction costs will vary depending upon the condition of the premises for the Zoom Room Franchised Business, the size of the premises, and local construction costs. This estimate does not include construction allowances that may be offered by the landlord, or the extent and quality of improvements desired by you over and above our minimum requirements. In our experience over the last several years, typical leasehold improvements are estimated to range from $48 per square foot to $57 per square foot, with an average of $53 per square foot. The overwhelming majority of landlords (78%) have provided tenant improvement allowances for franchisees. The average tenant

improvement allowance was $24 per square foot, resulting in an average savings of $82,300 in leasehold improvement costs.

5. Initial Inventory. You must purchase an initial inventory of pet retail products. Costs vary based upon the size and location of the Zoom Room Franchised Business, suppliers, and other related factors. In general, a Zoom Room Franchised Business with greater visibility and longer operating hours will require larger square footage allocated to retail products, and therefore a larger investment in initial inventory.

6. Office Equipment and Supplies. This includes phones, miscellaneous office equipment, and supplies.

7. Travel and Lodging. We provide training at our corporate office in greater Los Angeles, California or at another location designated by us. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for up to two people, one of which must be a principal owner; if additional initial training is required, or more people must be trained, an additional fee may be assessed. This estimate includes the travel and living expenses, including airfare, that you will incur when you and one other person attends the initial training program. It does not include any wages or salary for you or your employees during this training.

8. Signage. This amount includes the cost of both interior and exterior signage. The type and size of the signage you actually install will be based upon the zoning and property use requirements and restrictions. There could be an occasion where signage is not permitted because of zoning or use restriction. The signage requirements and costs will vary based upon the size and location of the Zoom Room Franchised Business, local zoning requirements, landlord requirements, and local wage rates for installation.

9. Furniture, Fixtures and Equipment. This includes computer hardware and software, POS agility equipment, seating, tables, and other furniture and equipment necessary to begin the operation of your Zoom Room Franchised Business. The requirements for the Computer System are detailed in ITEM 11.

10. Grand Opening. You must spend a minimum of $2,000, but may spend as much as $4,000, prior to the opening of the Zoom Room Franchised Business. This fee will be paid to suppliers of your grand opening materials.

11. Subscriptions and Dues. You must subscribe to certain national organizations before you open your Zoom Room Franchised Business, and you must pay annual dues to such national organizations.

12. Licenses and Permits. State and local government agencies typically charge fees for occupancy permits, operating licenses, and construction permits. Your actual costs may vary from the estimates based on the requirements of state and local government agencies.

13. Professional Fees. You may need to employ an attorney, accountant, architect or other consultant to assist you in establishing your Zoom Room Franchised Business. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants, architects and consultants.

14. Software Set-up Fee. There is a one-time set-up fee of $400 due 60 days before you open or at such time as you request access.

15. Weekly Software Fee. A weekly fee, which currently is $108, begins once your software has been provisioned to you. These numbers reflect provisioning software 60 days prior to opening plus the first 3 months of operations.

16. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a Zoom Room Franchised Business, your rates may be significantly higher than those estimated above.

17. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Zoom Room Franchised Business. They include payroll costs, utilities and other various and miscellaneous start-up costs, during the Zoom Room Franchised Business's first three months of operation, but not any draw or salary for you. The low range of these figures reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for one full time employee and the high range reflects the estimated expenses associated with three months' worth of utility costs and three months' of payroll for two full time employees and one salaried Designated Manager. These figures do not include standard pre-opening expenses, Royalties, or National Advertising Fund contributions payable under the Franchise Agreement, or debt service, and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Zoom Room Franchised Business opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Zoom Room Franchised Business. You must bear any deviation or escalation in costs from the estimates that we have given. Additional funds for the operation of your Zoom Room Franchised Business will be required after the first three months of operation if sales produced by the Zoom Room Franchised Business are not sufficient to produce positive cash flow.

ITEM 8
RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

Standards and Specifications

You must operate your Zoom Room Franchised Business according to our System and specifications. This includes purchasing or leasing all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Zoom Room Franchised Business under our specifications, which may include purchasing these items from: (i) our designees, (ii) approved suppliers, and/or (iii) us or our affiliates. You must not deviate from these methods, standards, and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operating manual ("**Confidential Operations Manual**") outlines our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Zoom Room Franchise and identifies approved vendors for these products and services. We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Confidential Operations Manual, or through other written communication (including electronic communication such as e-mail, private social media groups or fora, or through a system-wide intranet). We reserve the right to provide you with electronic access to our Confidential Operations Manual through our online knowledge base rather than providing you with a physical copy of our Confidential Operations Manual.

You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Confidential Operations Manual or otherwise in writing.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Zoom Room Franchised Business. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our

specifications from the suppliers we specify. You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Zoom Room Franchised Business is located and must be approved by us. It must also be rated "A-VIII" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

You must use a preferred local broker ("**PLB**") designated by a master broker that we identify for you ("**Master Broker**"), for the purposes of site selection as more specifically outlined in the Operations Manual. We may periodically change the Master Broker. The PLB will: (i) identify and analyze proposed sites for your Zoom Room Franchise; (ii) assist you with preparation and negotiation of the letter of intent; and (iii) assist you in lease negotiations for each lease agreement for the dog training facility which will be operated from the Zoom Room Franchised Business. We will not accept any proposed site that has not been identified and analyzed by the Master Broker. You will not be charged for these site selection services by either the Master Broker or by us. We may change or terminate our relationship with the Master Broker at any time. If we do so, we will provide you notice and you must immediately discontinue the use of the terminated Master Broker and utilize the services of the new Master Broker, if a new Master Broker is required by us, or if no new Master Broker is required by us, you will be responsible for selecting a site that satisfies our site selection criteria.

Purchases from Approved Suppliers

You must purchase equipment, signage, initial inventory, materials, and supplies from third parties, suppliers, and select inventory from us in establishing and operating your Zoom Room Franchise, and we are the only approved supplier of select inventory items, such as t-shirts and training clickers. We and our affiliates may derive revenue from these sales and may sell these items at prices exceeding our or their costs. During our last fiscal year, we or our affiliates did not receive any rebates or other consideration from approved suppliers. We have negotiated price terms and other purchase arrangements with suppliers for you for some items that we require you to lease or purchase in developing and operating your Zoom Room Franchised Business.

If you desire to make purchases from other than an Approved Supplier, you shall submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We may revoke its approval at any time if we determine, in our Business Judgment, that the supplier no longer meets our standards. Upon receipt of written notice of such revocation, you shall cease purchasing from any disapproved supplier and selling such supplier's disapproved products or services.

During our last fiscal year ending August 31, 2022, we received $171,925 in revenue from the sale or lease of products or services to franchisees, which represented 6.6% of our total revenues of $2,612,031. During our last fiscal year ending August 31, 2022, our affiliates did not receive any revenue from the sale or lease of products or services to franchisees. We and our affiliates may receive rebates or other consideration from suppliers in consideration for goods or services that we require or advise you to obtain from approved suppliers, and we reserve the right to do so in the future. Our revenue or other consideration received may include promotional allowances, volume discounts, and other payments. Some of our officers own an equity interest in the franchisor, which is an approved supplier.

We estimate that approximately fifteen percent (15%) of your total cost to establish a Zoom Room Franchised Business and approximately fifteen percent (15%) of your total cost of operating a Zoom Room Franchised Business will be from us or from other approved suppliers and under our specifications.

We do not have purchasing and distribution co-operatives as of the Issuance Date of this Franchise Disclosure Document; however, we may negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates on volume discounts from our purchase of products we may resell to you. We do not provide material benefits, such as renewing or granting additional Franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases.

Approval of New Suppliers

We may update the list of approved suppliers in the Confidential Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the System. We reserve the right to charge you or the approved supplier for our approval of supplies and/or suppliers, and the charge will not exceed the reasonable cost of the inspection and evaluation and the actual cost of the test. We do not make our supplier specifications and/or standards generally available to franchisees or suppliers. While we will be required to respond to a request within 30 days, we generally respond to a request for an additional approved supplier within seven days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement 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 Agreements	Item in Disclosure Document
a. Site selection and acquisition/lease	2A & 2B in FA; Not Applicable in MUDA	Items 8, 11 & 12
b. Pre-opening purchases/leases	2B, 2C, 2D, 2E, 2F & 8E in FA Not Applicable in MUDA	Items 7 & 8
c. Site development and other pre-opening requirements	2C, 2D, 2E, 2F, 2G & 2H in FA Not Applicable in MUDA	Items 7, 8 & 11
d. Initial and ongoing training	4 in FA: Not Applicable in MUDA	Items 6, 7 & 11
e. Opening	2H in FA Attachment B in MUDA	Item 11
f. Fees	2A, 3, 4, 8, 9, 11, 12, 13, 14, 16, 17, & 18 in FA; 3 in MUDA	Items 5, 6 & 7
g. Compliance with standards and policies/operating manual	4 & 7 in FA; Not Applicable in MUDA	Items 8, 14 & 16
h. Trademarks and proprietary information	5 & 6 in FA; 1.3 in MUDA	Items 13 & 14
i. Restrictions on products/services offered	7E in FA; Not Applicable in MUDA	Items 8 & 16

Obligation	Section in Agreements	Item in Disclosure Document
j. Warranty and customer service requirements	1B & 4 in FA; Not Applicable in MUDA	Item 16
k. Territorial development and sales quotas	1E & 1F in FA; Attachment B of MUDA	Not Applicable
l. Ongoing product/service purchases	2D, 2E & 7E in FA; Not Applicable in MUDA	Items 8 & 11
m. Maintenance, appearance and remodeling requirements	2E, 2F, 7 & 12 in FA; Not Applicable in MUDA	Item 8, 11 & 13
n. Insurance	7K in FA; Not Applicable in MUDA	Items 6, 7 & 8
o. Advertising	3D, 7D & 8 in FA; Not Applicable in MUDA	Items 6, 7 & 11
p. Indemnification	17 in FA; 11 in MUDA	Item 6
q. Owner's participation/management/ staffing	4A, 4C, 4D, 4E, 7F, 7J, 8, & Attachment B in FA; Not Applicable in MUDA	Item 15
r. Records and reports	9 in FA; Not Applicable in MUDA	Item 11
s. Inspections and audits	10 in FA; Not Applicable in MUDA	Items 6 & 11
t. Transfer	11 in FA; Not Applicable in MUDA	Items 6 & 17
u. Renewal	12 in FA; Not Applicable in MUDA	Item 17
v. Post-termination obligations	15 in FA; 15 in MUDA	Item 17
w. Non-competition covenants	Attachment B in FA; Not Applicable in MUDA	Item 17
x. Dispute resolution	18 in FA; 15 in MUDA	Item 17
y. Other: Guaranty	Attachment B in FA	Item 15

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. We are listed on the Franchise Registry of the Small Business Administration.

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

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

Pre-Opening Obligations

Before you open your Zoom Room Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. Provide written site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Zoom Room Franchise as we have outlined in the Confidential Operations Manual. This site selection assistance may come from a Master Broker, which you are required to use. We will use reasonable efforts to determine if the proposed site meets our minimum requirements within 30 days after receiving your written proposal, which proposal must contain a description of the proposed site and indicate a strong likelihood that you are able to lease or purchase the proposed site. We will not conduct site selection activities for you. If you do not locate a site which meets our minimum requirements for your Dog Training Gym within 120 days of the effective date of the Franchise Agreement, we may terminate the Franchise Agreement (See Franchise Agreement – Section 2A).

2. Confirm that the proposed lease for the Dog Training Gym meets our minimum requirements (See Franchise Agreement – Section 2B). We will have the right to approve the terms of the lease before you sign it. We will require you to enter into our prescribed form of lease addendum ("**Lease Addendum**") (See Franchise Agreement – Attachment D) and have your landlord incorporate certain provisions into the lease which allow us to take possession of the Dog Training Gym or transfer possession to a third party upon termination or expiration of the Franchise Agreement and grant us other rights in the leased premises (See Franchise Agreement – Section 2B).

3. Provide you with opening assistance at the Dog Training Gym's grand opening. We provide a maximum of three days of on-site training and support before or during your grand opening. (See Franchise Agreement – Section 2D).

3. Provide written mandatory and discretionary specifications for the Zoom Room Franchised Business, including standards and suggested criteria for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, and color scheme (See Franchise Agreement – Sections 2D and 2E).

4. Provide you with a written list of the Approved Suppliers for purchasing the Computer System, equipment, signs, fixtures, opening inventory and other products and supplies that you must use to develop and open the Zoom Room Franchised Business (See Franchise Agreement – Section 2). We are the only approved supplier of select inventory items, namely t-shirts and training clickers.

5. Loan or grant you electronic access to one copy of our Confidential Operations Manual, to be accessed by one Designated Manager per Dog Training Gym. If the Designated Manager is not the Franchisee, access shall be granted to the Franchisee and one Designated Manager per Dog Training Gym. The Confidential Operations Manual contains approximately 620 pages. The table of contents for the Confidential Operations Manual is attached to this Franchise Disclosure Document as **Exhibit C** (See Franchise Agreement - Section 2).

6. Assist with developing your pre-opening marketing program (See Franchise Agreement – Section 8D).

7. Provide an initial training program ("**Initial Training Program**") in the greater Los Angeles area or another location designated by us for up to two members of your management staff, including the Managing Owner or Designated Manager, if applicable (See below in this ITEM 11 and Franchise Agreement – Section 4A for more details regarding training).

Site Selection

Single Dog Training Gym

You must select the site for your Dog Training Gym subject to our confirmation that the proposed location satisfies our minimum criteria for a Dog Training Gym, which includes, but is not limited to

population density and demographics. You may not relocate your Dog Training Gym without our prior written consent. Before leasing or purchasing the site for your Dog Training Gym, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we advise you that the proposed site does not meet our minimum criteria, you must select another site, subject to our consent. You must purchase or lease, at your expense, the site for your Dog Training Gym within 210 days after signing the Franchise Agreement. We do not purchase and rent or lease sites for your Dog Training Gyms to you or any other franchisees. You also must submit for review any sale or lease contract before you sign it. We will condition our approval of the lease on a number of conditions, including an agreement by you and the landlord of the site to enter into our prescribed form of Lease Addendum.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Dog Training Gym. It is your sole responsibility to develop, obtain all necessary permits and licenses, and construct your Dog Training Gym in accordance with our plans and specifications.

Multi-Unit Dog Training Gym

You must select the site for your Dog Training Gym subject to our confirmation that the proposed location satisfies our minimum criteria for a Dog Training Gym, which includes, but is not limited to population density and demographics. You may not relocate your Dog Training Gym without our prior written consent. Before leasing or purchasing the site for your Dog Training Gym, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require. We will have 30 days after we receive the information and materials to evaluate the proposed site. If we advise you that the proposed site does not meet our minimum criteria, you must select another site, subject to our consent. You must purchase or lease, at your expense, the site for your Dog Training Gym within 210 days after signing the Multi-Unit Development Agreement and the Initial Franchise Agreement. We do not purchase and rent or lease sites for your Dog Training Gyms to you or any other franchisees. You also must submit for review any sale or lease contract before you sign it. We will condition our approval of the lease on a number of conditions, including an agreement by you and the landlord of the site to enter into our prescribed form of Lease Addendum.

Acknowledging that time is of the essence, you, as a Multi-Unit Developer agrees to exercise its development rights according to Section 4.1 of the Multi-Unit Development Agreement, and in strict compliance with the Development Schedule set forth on **Attachment B** of the Multi-Unit Development Agreement, which Multi-Unit Developer acknowledges designates the number of Franchise Agreements that must be executed upon the expiration of each of the designated development periods ("**Development Periods**") for the operation of Zoom Room Franchised Businesses.

Multi-Unit Developer shall open each Zoom Room Franchised Business in accordance with the terms of the individual Franchise Agreement signed for that specific Zoom Room Franchised Business location and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on **Attachment B** of the Multi-Unit Development Agreement. In accordance with Section 5 of the Multi-Unit Development Agreement, the location of each Zoom Room Franchise under the Multi-Unit Development Agreement shall be selected in accordance with the terms set forth in each Franchise Agreement signed by Multi-Unit Developer. We will use reasonable efforts to determine if the proposed site meets our minimum requirements within 30 days after receiving your written proposal, which proposal must contain a description of the proposed site and indicate a strong likelihood that you are able to lease or purchase the proposed site.

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the sites for your Dog Training Gyms. It is your sole responsibility to develop, obtain all necessary permits and licenses, and construct your Dog Training Gym in accordance with our plans and specifications.

Schedule for Opening

The typical length of time between signing the Franchise Agreement and the opening of the Zoom Room Franchised Business is approximately 300 days**.** You must schedule the opening of your Zoom Room Franchised Business within 300 days after signing the Franchise Agreement. Failure to open your Zoom Room Franchised Business within this 300-day window is a material breach of the Franchise Agreement, which provides us with the right to terminate the Franchise Agreement (See Franchise Agreement – Section 13C). Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations; your ability to secure any necessary financing; your ability to comply with local zoning and other ordinances; your ability to obtain any necessary permits and certifications; the timing of the delivery of equipment, tools, and inventory; and the time to convert, renovate, or build out your Dog Training Gym. You must comply with all ordinances, building codes, and permit requirements, and with any lease requirements and restrictions.

You may not open your Zoom Room Franchised Business until: (1) we have conducted two video tours of your Zoom Room Franchised Business, with the first being conducted immediately following the completion of the buildout of the Zoom Room Franchised Business, and the second being conducted immediately after you acquire all required equipment, technology, retail items, and supplies for your Zoom Room Franchised Business; (2) we notify you in writing that all of your pre-opening obligations have been fulfilled; (3) you have completed the Initial Training Program to our satisfaction; (4) you have at least two certified dog trainers (which may include the Managing Owner or, if applicable, the Designated Manager), each trained independently and approved by us; (5) all amounts due to us have been paid; (6) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (7) you notify us that all approvals and conditions stated in the Franchise Agreement have been met; (8) you have received all required permits and licenses; and (9) you have ordered, received, and installed your fixtures, equipment, supplies, inventory, and related materials. We do not deliver or install the equipment, signs, fixtures, opening inventory, or supplies. You must be prepared to open and operate your Zoom Room Franchised Business within 30 calendar days after we advise you that your Zoom Room Franchised Business is ready for opening.

Continuing Obligations to Franchisees

During the operation of your Zoom Room Franchised Business, we (or our designee) will provide the following assistance and services to you:

1. Periodically advise you and offer general guidance to you by telephone, e-mail, bulletins, and other methods that we choose in our sole discretion. We may offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, training regarding our methods and procedures, authorized services or products, and marketing and sales strategies (See Franchise Agreement – Sections 4D and 4G).

2. Establish minimum standards and specifications that you must satisfy while operating the Zoom Room Franchised Business; and identify the designated and approved suppliers from whom you may be required to purchase and/or lease items for your Zoom Room Franchised Business (See Franchise Agreement – Sections 2 and 7E).

3. Approve forms of advertising materials you will use for local advertising, grand opening advertising, and cooperative advertising (See Franchise Agreement – Sections 8C and 8E). Our advertising programs are described later in this Item.

4. Provide you with modifications to the Confidential Operations Manual as they are made available (See Franchise Agreement – Section 4G).

5. Maintain and administer one or more websites to advertise, market, and promote the Zoom Room Franchised Business and the services and products offered (See Franchise Agreement – Section 8E).

6. Specify minimum software requirements and approved products and suppliers for use in the Zoom Room Franchised Business (See Franchise Agreement – Sections 2F and 7E).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted works, new products, new equipment, or new techniques.

2. Make periodic visits to the Zoom Room Franchised Business for the purpose of assisting in all aspects of the operation and management of the Zoom Room Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Zoom Room Franchise, and detailing any problems in the operations which become evident as a result of any visit. If such visits are provided at your request, you must reimburse our expenses and pay our then-current training charges (See Franchise Agreement – Section 4F).

3. Maintain and administer the National Advertising Fund. We may dissolve the National Advertising Fund upon written notice (See Franchise Agreement – Section 8A).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Zoom Room Franchised Businesses (See Franchise Agreement – Sections 4D and 4E).

5. Provide additional assistance and training regarding your Zoom Room Franchised Business. See Section below entitled "Training" for additional information (See Franchise Agreement – Section 4C).

Advertising and Marketing

Pre-Opening Marketing

Prior to your Grand Opening, you must spend a minimum of $2,000, but no more than $4,000 on local advertisement and promotion. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising (See Franchise Agreement - Section 8D).

National Advertising Fund

We have established a National Advertising Fund for Zoom Room Franchised Businesses. You must currently pay one percent (1%) of your weekly Gross Sales for the National Advertising Fund ("**National Advertising Fund Contribution**"). The National Advertising Fund is held in a separate bank account, commercial account, or savings account. The National Advertising Fund is administered by us or one of our affiliates, in our discretion, and we may use a professional advertising agency or media buyer to assist us with the supervision and administration of the National Advertising Fund. Your contribution to the National Advertising Fund will be in addition to all other advertising requirements set out in this ITEM 11.

Each Dog Training Gym owned by Franchisor or an affiliate of Franchisor shall contribute each week, unless otherwise specified by Franchisor, one percent (1%) of its Gross Sales to the National Advertising Fund.

We may reimburse ourselves, our authorized representatives, or our affiliates from the National Advertising Fund for administrative costs, costs of maintaining the Website (as defined below), salaries of employees supporting the National Advertising Fund, independent audits, reasonable accounting, bookkeeping, reporting, and legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the National Advertising Fund. We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the National Advertising Fund or to maintain, direct, or administer the National Advertising Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the National Advertising Fund on any terms we deem reasonable. Because we do not have this fund audited, audited financial statements are not available to Zoom Room Franchisees. We provide an annual accounting for the National Advertising Fund that shows how the National Advertising Fund proceeds have been spent for the previous year upon written request once a year (See Franchise Agreement – Section 8A).

We may use the National Advertising Fund for the creation, production, and placement of commercial advertising; agency costs and commissions; creation and production of video, audio, and written advertisements; administering multi-regional advertising programs, direct mail, and other media advertising; in-house staff assistance and related administrative costs; local and regional promotions; engaging one or more public relations firms or conducting our own public relations campaigns; market research; social media campaigns of any kind, and other advertising and marketing activities, including participating at trade shows. Advertising may be placed in local, regional, national, or international media of our choice, including but not limited to, print, direct mail, radio, television, social media or Internet.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the National Advertising Fund contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing.

During our last fiscal year, we collected National Advertising Fund contributions in the amount of $75,717 and spent 68% on media placement, 28% on media production, and 4% on administrative expenses.

We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the National Advertising Fund before we use current contributions. We intend for the National Advertising Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the National Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned the unused contributions pro rata to our franchisees.

The National Advertising Fund is not a trust, and we assume no fiduciary duty in administering the National Advertising Fund. Except for salaries of any marketing personnel that may be employed by us, and reimbursement for other direct or indirect costs incurred by us in administering the National Advertising Fund, we do not and will not receive compensation for providing goods or services to the National Advertising Fund.

While we do not currently have an advertising council composed of franchisees, we reserve the right to form, change, dissolve, or merge any advertising councils formed in the future.

Local Advertising

In addition to the contributions to the National Advertising Fund and the grand opening advertising, you must spend at least 2% of the previous month's Gross Sales, with a minimum required monthly spend of $1,000 regardless of the previous month's Gross Sales ("**Local Advertisement Requirement**"), on advertising and marketing activities in the territory for your Zoom Room Franchised Business, as further defined in the Operations Manual. In addition to paid forms of advertising, we recommend that you actively promote your business with in-kind grassroots marketing and networking activities. You will pay for your ad productions and placements directly, and we will provide you with general marketing guidelines and will review and approve your advertisements.

Cooperatives

We reserve the right to require that two or more franchisees of Zoom Room Franchised Businesses that are, in our Business Judgment, in a shared marketing area, form a cooperative advertising association among themselves ("**Cooperative**"), with our advice and assistance, for the purpose of jointly advertising and promoting their Franchised Businesses. You are required to participate in any local or regional advertising cooperative for Zoom Room franchisees. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your Territory, you will be required to participate in compliance with the provisions of the Confidential Operations Manual, which we may periodically modify in our discretion (See Franchise Agreement – Section 8). Members of the Cooperative will prepare governing documents, and Franchisor will approve the governing documents for the Cooperative. The documents will be available for review upon reasonable, written request. The amount of contribution to the Cooperative will be determined by the members of the Cooperative, subject to Franchisor's approval. Any contribution to a local cooperative will count towards your Local Advertisement Requirement. Franchisor or an affiliate of Franchisor owned Dog Training Gyms are not required to contribute to the Cooperative.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order sales, advertising, and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other sales, advertising or marketing material without obtaining our prior written approval. If you desire to use your own sales, advertising or marketing materials, you must obtain our prior approval, which we have the right to grant or deny for any reason or no reason. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Zoom Room Franchised Business, those items or services must be included in your Gross Sales calculation, and will be subject to Royalty fees, Local Advertising Requirement, and National Advertising Fund Contributions. If you use unauthorized advertising materials, you must pay a fee of $500 per occurrence to us or the National Advertising Fund.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, social media, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve or disapprove any linking or other use of our Website in our sole discretion.

Computer System

You are required to purchase or lease, and maintain and use, only such computers, hardware, Software, web technologies or applications, required dedicated Internet access, modems, printers, and other related accessories or peripheral equipment, and methods of operation, as we specify in the Confidential Operations Manual or otherwise in writing (collectively the "**Computer System**"). The Computer System consists of the following: one Apple desktop computer and its operating system and software, an iPad and its operating system and applications, a printer, scanner, router, and a modem. The Zoom Room POS Software System consists of the software Franchisor licenses to Franchisee in order to run the Franchised Business, to be used for the client management system ("**CMS**"), inventory, reporting, POS, and scheduling. We estimate the cost of purchasing the Computer System, POS System, and Software will range from $4,000 to $4,500. You or your bookkeeper are also required to use an approved accounting system, and we recommend using the most current version of QuickBooks or QuickBooks Online, but you may choose to use another commercially accepted accounting software. You will pay a setup fee for the Software in the amount of $400 and a weekly Software Fee, which currently is in the amount of $108 (See ITEM 6).

The cost to upgrade the hardware and maintain or upgrade the Software of the Computer System depends on the needs of the System and technological developments, none of which we can predict at this time, and are therefore subject to change. You may be required to upgrade your computer hardware approximately every two to three years due to improvements in the Software and advances in technology. There is no limitation on the frequency or cost of this obligation. Neither we nor any affiliate nor any third-party vendor have any ongoing obligation to provide ongoing maintenance, upgrades, or updates to your Computer System. You must obtain your own technical support for the Computer System. However, we reserve the right to provide ongoing technological support if there are issues regarding Zoom Room POS Software System or the CMS system.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system and to collect and use your electronic information and

data in any manner we promote developing the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. (See Franchise Agreement – Section 2G).

You will have sole responsibility for: (1) the acquisition, operation, maintenance, and upgrading of your Computer System; (2) the manner in which your Computer System interfaces with our Computer System and those of other third parties; and (3) any and all consequences that may arise if your Computer System is not properly operated, maintained, and upgraded.

You must have access to the Internet and maintain an e-mail account that allows us to communicate with you on a regular basis. You must check your designated Zoom Room e-mail account regularly.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders ("**E-Problems**"). We have taken reasonable steps so that E-Problems will not materially affect you. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-problems. This may include securing your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

Website

We have established a website ("**Website**") for customers and prospective customers of Zoom Room that provides information about the System and about our Zoom Room Dog Training Gyms (currently zoomroom.com). The Website will include an interior page containing information about your Zoom Room Franchised Business ("**Sitelet**"). Your Sitelet will include information relating to your specific business location and select content that we provide from our Website. Your Sitelet will also showcase Zoom Room products and services. Except as required by the Confidential Operations Manual, you may not establish or maintain any other Website or engage in any other electronic marketing of products or services without our prior written approval. Except as required by the Confidential Operations Manual, you are restricted from establishing a presence on, or marketing through, the Internet without our consent, which we may withhold in our discretion. All such information shall be subject to our approval prior to posting. Except as required by the Confidential Operations Manual, we retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, social media, and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies, and requirements contained in the Confidential Operations Manual. Except as required by the Confidential Operations Manual, we retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms, and meta-tags, and in connection with linking, marketing, co-branding, and other arrangements. Except as required by the Confidential Operations Manual, we retain the sole right to approve any linking to, or other use of, the Website. In addition to what is required by the Confidential Operations Manual, we may allow you to promote your business via alternate online strategies, including any form of social media, consistent with our online policy and our social media policy as contained in our Confidential Operations Manual. We have the right to review all online content on social media sites, blogs, in electronic communications, and on other online sites on which our Marks are used to protect the reputation and high quality associated with our Marks. We may require you to remove any questionable usage or content involving our Marks. We may also require you to cease using our Marks on all such sites or discontinue all use of such sites.

As long as we maintain the Website, we will have the right to use the National Advertising Fund to develop, maintain, and update the Website and Sitelets. We may update and modify the Sitelets from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the Sitelet (See Franchise Agreement – Section 8E).

Training

Initial Training

We provide you an Initial Training Program consisting of our Online Training Program, Webinar Workshops, and In-person Training (all defined below) that covers materials aspects of the Zoom Room Franchised Business.

After you sign your Franchise Agreement, you are granted access to our online training program ("**Online Training Program**"). We estimate that it will take you approximately 40 hours to complete the Online Training Program. You must satisfactorily complete the Online Training Program prior to being able to attend the webinar workshops ("**Webinar Workshops**") and our in-person training described below ("**In-person Training**").

The topics covered in our Webinar Workshops and in our In-person Training are listed in the chart below. Webinar Workshops and In-person Training are offered several times a year via a virtual meeting space platform (Webinar Workshops) and then at one of our Zoom Room training facilities around the country (In-person Training), as we designate. Either you, the Managing Owner, or your Designated Manager, if applicable, along with one additional trainer, must attend and satisfactorily complete both the Webinar Workshops and the In-person Program before the opening of your Zoom Room Franchised Business. You must have at least two trainers that have successfully completed the Online Training Program, Webinar Workshops, and In-person Training, in order to open your Zoom Room Franchised Business.

The time frames provided in the chart below are an estimate of the time it will take to complete the training. We do not charge for the first two attendees of the Initial Training Program provided the training is taken prior to your opening of the Zoom Room Franchised Business. We reserve the right to charge for additional attendees you wish to have participate in the training program.

If you and/or your attendees are not able to satisfactorily complete the Initial Training Program in the amount of time set forth in the chart below, we will charge you the Additional Training Fee (See Item 6). You will not receive any compensation or reimbursement for services or expenses for participation in the Initial Training Program. You are responsible for all of your expenses to attend any training program, including lodging.

ONLINE TRAINING – 40 HOURS

TOPIC	HOURS of CLASSROOM TRAINING	HOURS of HANDS-ON TRAINING	LOCATION
WELCOME TO THE ZOOM ROOM U TRAINER PROGRAM (2 hours)			
Zoom Room Mission & Values	0.5		Remote
What to Expect	0.5		Remote
The Zoom Room Trainer Career Path	0.5		Remote

What to do When You Have Questions on the Program	0.5		Remote
WHAT MAKES A GREAT TRAINER (4.5 hours)			
Understanding Learning Styles	1.0		Remote
Managing Your Class	1.0		Remote
How to Give Feedback	1.0		Remote
How to Measure Your Effectiveness	1.0		Remote
Difficulties with Dignity	0.5		Remote
DOG TRAINING OVERVIEW (7 hours)			
The Relationship Between Humans and Dogs	1.0		Remote
Dog Breeds	1.0		Remote
Why Dogs Behave the Way They Do	1.0		Remote
Critical Periods	1.0		Remote
Dog Body Language and Behavior	2.0		Remote
The Power of Positive Reinforcement	1.0		Remote
LEARNING THEORY (6 hours)			
Introduction to Dog Training	1.0		Remote
Classical Conditioning	2.0		Remote
Operant Conditioning and Clicker Training	2.0		Remote
More Learning Theory	1.0		Remote
CANINE WELLNESS (5 hours)			
Dog Health & Wellness	1.0		Remote
Canine Nutrition	1.0		Remote
Socialization and Development Stages	1.0		Remote
Disease Prevention	1.0		Remote
Puberty, Hormones, Spay and Neutering	1.0		Remote
DOG DYNAMICS (7 hours)			
Group Dog Dynamics	2.5		Remote
Canine Communication	2.5		Remote
What’s All the Fuss about Dominance?	1.0		Remote
Wolves vs Dogs	1.0		Remote
BEHAVIORAL ISSUES (4 hours)			
Canine Sibling Rivalry	1.0		Remote
Curbing Aggression	1.0		Remote
Compulsive Behavior in Dogs	1.0		Remote
Reasons for Failed Adoption Experiences	1.0		Remote
ZOOM ROOM TRAINING SYSTEM (4.5 hours)			

The Zoom Room Philosophy	1.0		Remote
Training Equipment	1.0		Remote
Zoom Room Services	1.0		Remote
Facility Incidents	0.5		Remote
The Client Experience	1.0		Remote
TOTAL	**40**	**0**	

WORKSHOP WEBINARS – 9 HOURS

TOPIC	HOURS of CLASSROOM TRAINING	HOURS of HANDS-ON TRAINING	LOCATION
BUSINESS BASICS WEBINARS (4.5 hours)			
All About Capacity	1.5		Remote
All About Marketing	1.5		Remote
All About Sales	1.5		Remote
DOG TRAINING WEBINARS (4.5 hours)			
Foundations of Dog Training	1.5		Remote
Foundations of Zoom Room	1.5		Remote
Foundations of Success	1.5		Remote
TOTAL	**9**	**0**	

IN-PERSON TRAINING – 45 HOURS

TOPIC	HOURS of CLASSROOM TRAINING	HOURS of HANDS-ON TRAINING	LOCATION
CURRICULA REVIEW (9 hours)			
Clicker Training	0.5		In-Person
Orientations	0.5		In-Person
Evaluations	0.5		In-Person
Private Training	0.5		In-Person
Reactivity	1.5		In-Person
Obedience 1	0.5		In-Person
Obedience 2	0.5		In-Person
Obedience 3	0.5		In-Person
Agility 1	0.5		In-Person
Agility 2	0.5		In-Person
Agility 3	0.25		In-Person

Agility 4	0.25		In-Person
Playgroups	0.5		In-Person
Puppy Preschool	0.5		In-Person
Puppy Training +	0.5		In-Person
Tricks	1.0		In-Person
OBSERVATIONS (13 hours)			
Private Training		1.0	In-Person
Obedience 1		2.0	In-Person
Obedience 2		2.0	In-Person
Obedience 3		1.0	In-Person
Agility 1		1.0	In-Person
Agility 2		1.0	In-Person
Agility 3		1.0	In-Person
Agility 4		1.0	In-Person
Puppy Preschool		1.0	In-Person
Puppy Training +		2.0	In-Person
DEMONSTRATIONS & DISCUSSIONS (12 hours)			
Observation Discussions & Review	3.0		In-Person
Lesson Plans	0.5		In-Person
Classroom Management	0.5		In-Person
The Client Experience	1.0		In-Person
Skills Demos	2.0		In-Person
Homework	2.0		In-Person
Incident Procedures	0.5		In-Person
Multi-Day Review	1.0		In-Person
Employee Binder	0.5		In-Person
Dog Training Q&A	1.0		In-Person
HANDS ON PRACTICE WITH DOGS (11 hours)			
Reactivity		1.5	In-Person
Obedience 1		1.5	In-Person
Obedience 2		1.0	In-Person
Obedience 3		0.5	In-Person
Agility 1		1.5	In-Person
Agility 2		1.0	In-Person
Agility 3		0.5	In-Person
Agility 4		0.5	In-Person

Puppy Preschool		0	In-Person
Puppy Training +		1.5	In-Person
Tricks		1.5	In-Person
TOTAL	**21**	**24**	

ONGOING TRAINING AT GRAND OPENING – 16 HOURS

TOPIC	HOURS of CLASSROOM TRAINING	HOURS of HANDS-ON TRAINING	LOCATION
RETAIL SERVICES (8 hours)			
Point of Sale (MindBody) Training		2.5	ZR Location
Store Merchandizing		2.0	ZR Location
Product Knowledge		1.0	ZR Location
Retail Sales Strategies		2.5	ZR Location
ZOOM ROOM SERVICES (8 hours)			
Orientation Training		2.0	ZR Location
Agility Training		2.0	ZR Location
Obedience Training		1.0	ZR Location
Evaluation Training		1.0	ZR Location
Private Training		1.0	ZR Location
Customer Service Strategies		1.0	ZR Location
TOTAL	**0**	**16**	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above depending on the number and experience of the attendees. Our training will include the following instructional materials: Confidential Operations Manual; curriculum handbooks; a proprietary online classroom which includes quizzes, videos, educational articles, and supplementary reading lists. The Webinar Workshops will take place within a virtual meeting space platform and the In-person Training will be conducted at one of the Zoom Room training facilities. The dates and location of the trainings will be communicated to your by your assigned Zoom Room Operations Manager.

2. Training will be conducted by qualified members of our operations team. Currently, each of our instructors has a minimum of at least seven years of training experience. We may periodically name additional trainers if the training schedule requires it. Substitute trainers will be our employees or contractors, will have experience in their designated subject area, with a minimum of six months experience, and will operate under our supervision. There are no limits on our rights to assign a substitute to provide training.

It is important that you understand that once you and your training team have completed the Initial Training to our satisfaction you will be approved to train dogs in your Dog Training Gym. We have the

right to make any exception to this policy for any reason or no reason. Only persons who have completed our Initial Training will be certified to train dogs at your Dog Training Gym until you have a Level 3 / Master Trainer in your Dog Training Gym. Only Level 3 / Master Dog Trainers can certify other trainers to train in facilities that do not come to the Initial Training program as outlined above.

Once you have operated your Dog Training Gym for six months, you may apply for your trainer(s) to become a Level 3 / Master Trainer. Those that apply for Level 3 / Master Trainer must demonstrate that they have mastered our dog training techniques, as determined by us, before you are able to train/certify your own employees in our dog training techniques. Once your location has a Level 3 / Master Trainer, you will be responsible for training your own employees and other management personnel in Zoom Room dog training techniques. You will also be required to train your own employees and other management personnel in all other operational aspects of the Zoom Room Franchised Business. You are solely responsible for all hiring and employment decisions and functions related to operating your Dog Training Gym, including, but limited to hiring, firing, training your employees, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of your employees, regardless of whether you have received advice from us on these subjects or not.

Your Zoom Room Franchised Business must at all times be under the day-to-day supervision of a Managing Owner or Designated Manager who has satisfactorily completed our training program. If you replace a Managing Owner or Designated Manager, the new Designated Manager or Managing Owner must complete the Initial Training Program to our satisfaction within 60 days of being named (See Franchise Agreement – Section 7J).

If we conduct an inspection of your Zoom Room Franchised Business and determine that you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at one of our designated Zoom Room training facilities or at your Zoom Room Franchised Business.). (See Item 6 for additional training fees)

Ongoing Training

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. Some of these courses may be accomplished by various forms of distance learning, including, but limited to, web seminars, teleconferences, video chats, recorded videos, and electronic curricula and supporting documentation.

You must pay us a convention fee, which will vary from year to year, to help defray our costs of conducting the convention; this fee must be paid even if you fail to attend the convention (See Item 6). We will not charge a fee for any required additional training programs but may charge a reasonable fee for any optional training which you may choose to attend. You will be responsible for the expenses incurred in attending the national convention each year or for additional training programs, including the costs of transportation, lodging, and meals. The convention and all training will be at the time and location we select. We estimate that this training will be no longer than five days per year. You are responsible for all travel, living expenses, and wages for your attendees (See Franchise Agreement – Section 4D).

ITEM 12

TERRITORY

The Franchise Agreement for your Zoom Room Franchised Business grants you a protected territory ("**Territory**") based on the geographic area, the number of non-traditional locations ("**Non-Traditional Locations**") and Population Properties ("**Population Properties**") within that area, and other relevant demographic characteristics. Non-Traditional Locations include, but are not limited to, airports, college campuses and military bases. Population Properties include, but are not limited to, composition, density and dynamics of population centers. We will use commercially reasonable efforts to grant only one license to a franchisee for any area with a population of approximately 100,000 people in the designated geographical location. The population statistics used in determining your Territory will be based on numbers derived from the current U.S. Census report and supplemented with other information available, and other population statistical sources of our choosing to determine population. In certain densely populated metropolitan areas, a Territory may be considerably smaller, while franchisees operating in less densely populated suburban or rural areas may have significantly larger Territories. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory. You may provide services and sell products to customers located outside of the Territory provided that you: (a) may not sell products or services in another franchisee's protected territory; and (b) follow any out of Territory service policies and procedures in our Confidential Operations Manual. In addition, subject to the following reservation of rights, we will prohibit other franchisees or company-owned locations from directly marketing, selling, or soliciting products or services within the Territory. However, we have the right to conduct nationwide or broad regional marketing in your Territory, and nothing in this Agreement or the Franchise Agreement shall be construed as prohibiting or restricting marketing by Cooperative, of which all franchisees are members, in your Territory. Other than as stated above, the Zoom Room Franchised Business is non-exclusive, and we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

(a) to establish or operate, and grant others the right to establish or operate, Zoom Room Franchised Businesses at any location inside or outside of the Territory if the Franchisee is in default, unable, or unwilling to provide necessary services or products, regardless of the proximity to your Dog Training Gym;

(b) to establish or operate, and grant others the right to establish or operate, Zoom Room Franchised Businesses at any location outside of the Territory, regardless of the proximity to your Dog Training Gym and even if that location is just outside the border of your Territory;

(c) to establish or operate, and grant others the right to establish or operate, Zoom Room Franchised Businesses at any location designated by us as a "Non-Traditional Location" either inside or outside of the Territory;

(d) to establish or operate, and grant others the right to establish or operate, other businesses offering the same or similar products utilizing other trade names, trademarks, and service marks, at any location inside or outside the Territory;

(e) 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 Territory. This includes, but is not limited to, other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We

exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce;

(f) to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a business offering pet-related products and services, at any location, including within the Territory, which may be similar to or different from the Zoom Room Franchised Business operated by you;

(g) to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Zoom Room Franchise, wherever located;

(h) to acquire and convert to the System operated by us, any businesses offering pet-related services and products, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the Territory, provided that in such situations the newly acquired businesses may not operate under the Marks in the Territory;

(i) 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

(j) to engage in any activities not expressly prohibited by the Franchise Agreement.

While we do not currently do so, we reserve the right to establish or operate, and grant our affiliates the right to establish or operate, other businesses offering the same or similar products utilizing other trade names, trademarks, and service marks, at any location inside or outside the 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.

The continuation of the rights in your Territory is not dependent upon your achievement of a certain sales volume or market penetration but is instead dependent on your compliance with the Franchise Agreement. We do not pay compensation for soliciting or accepting orders inside your Territory.

You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. Otherwise, except as provided in ITEM 12, we place no restrictions upon your ability to serve customers, provided you do so from the location of your Zoom Room Franchised Business in accordance with our policies.

You may operate the Zoom Room Franchised Business only at the authorized location ("**Authorized Location**") within your Territory. The Authorized Location for your Dog Training Gym will be listed in the Franchise Agreement. If you have not identified an Authorized Location for the Dog Training Gym when you sign the Franchise Agreement, as is typically the case, you and we will agree on the Authorized Location in writing and amend the Franchise Agreement after you select and we notify you in writing that the proposed location satisfies our minimum requirements and that you are therefore authorized to operate your Zoom Room Franchised Business from that location. Although we may assist you in identifying a location for your Dog Training Gym that satisfies our minimum standards, you are solely responsible for selecting the location and negotiating the lease or purchase terms. You are not guaranteed any specific Authorized Location, and a variety of circumstances may prevent you from obtaining your first choice as your Authorized Location. If the lease for your Dog Training Gym expires or is terminated without your fault, or if the site for the Dog

Training Gym is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Zoom Room Franchised Business to a new site acceptable to us. You will be required to pay us a relocation fee of $5,000 (See ITEM 6) under those circumstances. Relocation for any other reason will be subject to our approval, which we have the right to grant or deny for any reason or no reason. Any relocation will be subject to the site selection and lease provisions contained in the Franchise Agreement and Confidential Operations Manual. Any relocation will be at your sole expense. Our approval will, among other things, be based on the following factors: where your Dog Training Gym will be located; whether or not such relocation will infringe upon the rights of other franchisees; and the time it will take to relocate your Dog Training Gym.

If you wish to purchase an additional Zoom Room Franchised Business, and you have not already signed a Multi-Unit Development Agreement, you must apply to us, and we may, at our discretion, offer an additional Franchise to you. You will not receive an exclusive territory under the Multi-Unit Development Agreement. We consider a variety of factors when determining whether to grant additional Zoom Room Franchised Businesses. Among the factors we consider, in addition to the then-current requirements for new Zoom Room Franchised Businesses, is whether or not you are in compliance with the requirements under their current Franchise Agreement. We will determine the Territories for any units developed under the Multi-Unit Development Agreement according to the then-current standards for Territories.

ITEM 13

TRADEMARKS

The Marks and the System are owned by our affiliate, ZRIP, and are licensed to us and COL. ZRIP has granted us an exclusive license ("**Trademark License**") to use the Marks to franchise the System around the world. The Trademark License will automatically renew for subsequent ten 10-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, ZRIP has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. ZRIP has registrations with the United States Patent and Trademark Office ("**USPTO**") for the following Marks:

Registered or Pending Marks	Registration or Application Number	Registration (or Application) Date	Registration or Pending Status
ZOOM ROOM	3,656,957	July 21, 2009	Registered on the Principal Register
Pup-lates	6,893,887	November 8, 2022	Registered on the Principal Register
Doggy Disco	97,068,227	October 11, 2021	Application Pending

Registered or Pending Marks	Registration or Application Number	Registration (or Application) Date	Registration or Pending Status
Canine Cross-Training	6,945,028	January 3, 2023	Registered on the Supplemental Register
Ruff Reading	3,976,793	June 14, 2011	Registered on the Principal Register
Dogamat	4,070,706	December 13, 2011	Registered on the Principal Register
Paw-Made	4,134,931	May 1, 2012	Registered on the Principal Register
Zoom Room	5,772,485	June 11, 2019	Registered on the Principal Register

Because ZRIP has federal registrations for certain of the Marks identified above, we have certain presumptive legal rights granted by the registrations. All required affidavits have been filed.

We may also use a number of other unregistered, common law trademarks.

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our guidelines and requirements when using the Marks. You may not use any of the Mark(s) alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLS, domain names, e-mail addresses, locators, links, metatags, any form of social media, or search techniques. You must get our prior written approval of your company name before you file any registration documents. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You may not use our Mark(s) with an unauthorized product or service, or in a manner not authorized in writing by us. You may not use the Marks in the sale of unauthorized services or products, or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale, or other disposition of the Zoom Room Franchised Business or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us. If it becomes advisable at any time, in our sole discretion, 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 must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must immediately notify us when you learn about an infringement of, or challenge to, your use of any Mark or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us and our counsel regarding any infringements, challenges, or claims unless you are legally required to do so. However, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations and we will have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the Marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark in compliance with the terms of the Franchise Agreement, but only if you notify us in writing of the proceeding in a timely manner and you have complied with our directions with regards to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies, and fixtures, and you must make other modifications we designate as necessary to adapt your Zoom Room Franchised Business for the new or modified Marks. You commit to making these changes and they may require additional investment to conform your Zoom Room Franchised Business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO, or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other Zoom Room Franchisees. We do not know of superior prior rights or infringing uses that could materially affect a franchisee's use of the Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before opening your Zoom Room Franchised Business, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise to avoid the possibility of having to change your Zoom Room Franchised Business name.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Confidential Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the content and format of our products, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Confidential Operations Manual, our advertising materials, the content and format of our products, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information ("**Copyrighted Works**") for your operation of your Zoom Room Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our Confidential Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of Zoom Room Franchised Businesses, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Zoom Room Franchised Businesses, and other related materials are proprietary and confidential ("**Confidential Information**"), and are our property to be used by you only as described in the Franchise Agreement and the Confidential Operations Manual. Where appropriate, certain information has also been identified as trade secrets ("**Trade Secrets**"). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Confidential Information and Trade Secrets.

We will disclose parts of the Confidential Information and Trade Secrets to you, as we deem necessary or advisable for you to develop your Zoom Room Franchise, during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Zoom Room Franchised Businesses during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information, or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information, or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyrighted Works, Confidential Information, or Trade Secrets, or claim by any person of any rights in any Copyrighted Works, Confidential Information, or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information, or Trade Secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We may take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other

proceeding arising out of any infringement, challenge, or claim under any Copyrighted Works, Confidential Information, or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information, or Trade Secrets. Your use of the Confidential Operations Manual, Trade Secrets, or other Confidential Information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

No patents or patents pending are material to us at this time.

We have the right to inspect, copy and use all records ("**Business Records**") with respect to the customers, suppliers, and other services providers of, and related in any way to your Zoom Room Franchised Business. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the Business Records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes, as we deem appropriate, at our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the Zoom Room Franchised Business you, your Designated Manager or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners, Designated Manager or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of the Zoom Room Franchised Business that you, your Designated Manager or your employees conceive or develop during the term of the Franchise Agreement in all dog training businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

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

The Zoom Room Franchised Business does not have to be managed by you on a daily basis. You are allowed to appoint a designated manager ("**Designated Manager**") to run the day-to-day operations of the Zoom Room Franchised Business. The Designated Manager must successfully complete our training program (See ITEM 11). You or your Designated Manager must provide direct, on-site supervision of your Zoom Room Franchised Business. You or your Designated Manager must also directly supervise your Multi-Unit Developer obligations, if any. If you replace a Designated Manager, the new Designated Manager must satisfactorily complete our training program within 60 days at your own expense. Your Designated Manager is not required to possess any designated amount of equity in the franchised business.

System standards may, among others, provide recommendations regarding the Zoom Room Franchised Business staffing levels, identify Zoom Room Franchised Business positions, and may suggest employee qualifications, training, dress, and appearance. Notwithstanding the foregoing, you, the Designated Manager, if applicable, or the Managing Owner, if you are an entity, must control your employees and the terms and conditions of their employment. You, the Designated Manager, if applicable, or the Managing Owner, if you are an entity, must dedicate sufficient time at the Zoom Room Franchised Business to supervise the day-to-day operations of the Zoom Room Franchise, and continuously exert your best efforts to promote and enhance the Zoom Room Franchised Business.

Any Designated Manager and, if you are an entity, an officer that does not own equity in the Franchisee entity must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in **Exhibit H**. All of your employees, independent contractors, and other agents or representatives who may have access to our Confidential Information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in **Exhibit H**. If you are an entity, each owner (i.e., each person holding an ownership interest in you) that owns ten percent (10%) or more of the issued equity must sign an Owner's Agreement guarantying the obligations of the entity, the form of which is attached to the Franchise Agreement as **Attachment B**. We also require that the spouses of the Franchise owners sign the Owner's Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must refrain from using or permitting the use of your Zoom Room Franchised Business for any other purpose or activity at any time without first obtaining our written consent, which we have the right to grant or deny for any reason or no reason.

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you (See ITEM 8). If we change or add to our required services and products, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions.

You may not sell products or services, or advertise products or services, within another franchisee's territory. Except as required in the Confidential Operations Manual, you may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, or any other social or professional networking site or blog) or mention or discuss the Zoom Room Franchise, us, or our affiliates, without our prior written consent and as subject to our online and social media policies. Our online and social media policies may completely prohibit you from any use of the Marks in social networking sites or other online use. Your failure to comply with our online and social media policies will permit us to terminate your Franchise Agreement. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. Otherwise, except as provided in ITEM 12, we place no restrictions upon your ability to serve customers, provided you do so from the location of your Zoom Room Franchised Business in accordance with our policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of Franchise term	Section 1D	Ten (10) years.

Provision	Section in Franchise Agreement	Summary
b. Renewal or extension of the term	Section 12	If you are in good standing and you meet other requirements, you may enter into a successor term equal to the term then being offered to new franchisees, subject to a $10,000 successor franchise fee.
c. Requirements for Franchisee to renew or extend	Section 12	Your successor Franchise rights permit you to remain as a Franchisee after the initial term of your Franchise Agreement expires. You must have fully complied with the provisions of the Franchise Agreement; have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign our then-current franchise agreement, which may contain materially different terms and conditions from the original agreement, and any ancillary documents for the successor term, and this new franchise agreement may have different terms and conditions (including, for example, higher Royalty and National Advertising Fund contributions) from the Franchise Agreement that covered your initial term; comply with current training and certification requirements; and sign a general release in a form the same as or similar to the General Release attached to this Disclosure Document in Exhibit H.
d. Termination by Franchisee	Section 13A	You have no express contractual right unilaterally to terminate the Franchise Agreement for any reason. However, you may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	Section 13C	We can terminate upon certain violations of the Franchise Agreement by you. If any individual Franchise Agreement issued to you or any of your affiliates, whether or not issued pursuant to a Multi-Unit Development Agreement, is terminated for any reason, ZRF shall have the right, but not the obligation, to terminate on immediate written notice to you or your affiliate: (i) the Multi-Unit Development Agreement, if applicable, and/or (ii) all other Franchise Agreements issued to you and/or your affiliates.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined - curable defaults	Section 13C	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Confidential Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within ten (10) days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within five (5) days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the Zoom Room Franchised Business will terminate.
h. "Cause" defined - non-curable defaults	Section 13C	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for, or establish, equip, and begin operations of the Zoom Room Franchised Business; fail to have your Designated Manager satisfactorily complete training; make a material misrepresentation or omission in the application for the Franchise; engage in conduct which reflects materially and unfavorably upon the operation and reputation of your Zoom Room Franchised Business or the System; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Zoom Room Franchised Business; after notice to cure, fail to refrain from activities, behavior, or conduct likely to adversely affect the reputation of either party or the Zoom Room Franchised Business; use the Confidential Operations Manual, Trade Secrets, or other Confidential Information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees, professional staff, and other individuals having access to Trade Secrets or other Confidential Information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the Zoom Room Franchised Business for five (5) or more consecutive days; surrender or transfer control of the Zoom Room Franchised Business in an unauthorized manner; fail to maintain the Zoom Room Franchised Business under the supervision of a Designated Manager following your death or disability; submit reports on two (2) or more separate occasions underestimating any amounts due by more than three percent (3%); are adjudicated bankrupt, insolvent, or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on two (2) or more occasions

Provision	Section in Franchise Agreement	Summary
		within any 12 months to submit reports or records, or to pay any fees due us or any affiliate; violate, on two (2) or more occasions, any health, safety or other laws, or operate the Zoom Room Franchised Business in a manner creating a health or safety hazard to customers, employees, or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or comply with specifications; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.
i. Franchisee's obligations on termination/non-renewal	Sections 14A and 15	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Zoom Room Franchised Business; stop using any Trade Secrets, Confidential Information, the System, and the Marks; refrain from marketing to your Zoom Room Franchised Business customers; if requested, assign your interest in the Franchise location to us; cancel or assign to us any assumed names; pay all sums owed to us, including damages and costs incurred in enforcing the Franchise Agreement; return the Confidential Operations Manual, Trade Secrets, and all other confidential and/or propriety information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete; and any other surviving provisions of the Franchise Agreement.
j. Assignment of contract by franchisor	Section 11A	No restriction on our right to assign.
k. "Transfer" by franchisee - definition	Section 11B	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the Franchise, or interest in the Franchise.
l. Franchisor's approval of transfer by Franchisee	Section 11C	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for franchisor's approval of transfer	Section 11C	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release in the form attached to the Franchise Disclosure Document in Exhibit H; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then-current Franchise Agreement; the transferee pays the then-current Initial Franchise Fee; the transferee agrees to upgrade, remodel, and refurbish the Zoom Room Franchised Business at transferee's cost; you provide us with a copy of all contracts and agreements related to the transfer; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed

Provision	Section in Franchise Agreement	Summary
		to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the System Protection Agreement attached to the Franchise Disclosure Document in Exhibit H; and the transferee has agreed that its Designated Manager will complete the Initial Training Program before assuming management of the Zoom Room Franchised Business.
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 11H	We may match an offer for your Zoom Room Franchised Business, or an ownership interest you propose to sell.
o. Franchisor's option to purchase Franchisee's business	Section 14	Except as described in (n) above, we do not have the right to purchase your Zoom Room Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Zoom Room Franchised Business for fair market value.
p. Death or disability of Franchisee	Section 11F	Following the death or incapacity of an owner of the Zoom Room Franchised Business, or the death or incapacity of any holder of a legal or beneficial interest in the Zoom Room Franchised Business, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the Zoom Room Franchised Business within 90 days of death or incapacity, or we may terminate the Franchise Agreement.
q. Non-competition covenants during the term of the Franchise	Section 15A	Except as restricted by applicable state law, you, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff, and employees are prohibited from: attempting to divert any business or customer of the Zoom Room Franchised Business to a competitive business; causing injury or prejudice to the Marks or the System; neither you, your principal owners, nor any immediate family members of you or your principal owners may participate in a diverting business, have no owning interest in, loan money to, or perform services for a competitive business anywhere; you may not interfere with our or our other franchisees' Zoom Room Franchise(s).

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the Franchise is terminated or expires	Section 15B	Except as restricted by applicable state law, for two (2) years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers, or professional staff are prohibited from: owning or working for a competitive business operating within 25 miles of the Zoom Room Franchised Business location, or within 25 miles of any other Zoom Room Franchised Business; or soliciting or influencing any of our customers, employees, or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Sections 18C and 18L	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Confidential Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/ merger clause	Section 18N	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18H	Except for certain claims, all disputes must be mediated and arbitrated in Los Angeles, California, subject to state law.
v. Choice of forum	Sections 18G and 18H	All disputes must be mediated, arbitrated, and if applicable, litigated in Los Angeles, California, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 18G	The laws of the state where the Zoom Room Franchised Business is located, subject to any contrary provision contained in the State-Specific Addendum (See Exhibit G), subject to applicable state law.

This table lists important provisions of the Multi-Unit Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	**Section in Multi-Unit Development Agreement**	**Summary**
a. Term of Franchise	Section 2	Your Multi-Unit Development Agreement will automatically expire upon the earlier of: (i) Termination Date listed in Section 2 of **Attachment B** of the Multi-Unit Development Agreement; or (ii) completion of the obligations of the Development Schedule.

Provision	Section in Multi-Unit Development Agreement	Summary
b. Renewal or extension of the term	Not Applicable	Not Applicable.
c. Requirements for you to renew or extend	Not Applicable	Not Applicable.
d. Termination by you	Not Applicable	You do not have the express contractual right to unilaterally terminate your Multi-Unit Development Agreement for any reason.
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	Section 7	Your Multi-Unit Development Agreement can be terminated by us if you or your authorized affiliate, (a) fails to comply with the Development Schedule; (b) fails to perform any of its obligations under this Agreement or any individual Franchise Agreement; or (c) fails to comply with the provisions on transfer contained herein. Upon default, ZRF shall have the right, at its option, and in its sole discretion, to terminate the Multi-Unit Development Agreement, or to exercise any and all other remedies provided in the Multi-Unit Development Agreement or available under the law. If any individual Franchise Agreement issued to Multi-Unit Developer or an authorized affiliate of Multi-Unit Developer, whether or not issued pursuant to the Multi-Unit Development Agreement, is terminated for any reason, ZRF shall have the right, but not the obligation, to terminate on immediate written notice to Multi-Unit Developer or the authorized affiliate of Multi-Unit Developer: (i) the Multi-Unit Development Agreement and/or (ii) all other Franchise Agreements issued to Multi-Unit Developer or authorized affiliate of Multi-Unit Developer. We can terminate upon certain violations of the Franchise Agreement by you.
g. "**Cause**" defined - default which can be cured	Not Applicable	Not Applicable.
h. "**Cause**" defined - default which cannot be cured	Section 7	If you fail to timely execute your option to establish any Franchised Business within the applicable Development Schedule as set forth in Section 4 of the Multi-Unit Development Agreement, we may terminate your Multi-Unit Development Agreement upon notice and any remaining option rights you have to open Additional Franchised Businesses under this Agreement will be terminated as well without any refund of any portion of the Development Initial Franchise Fee.

Provision	Section in Multi-Unit Development Agreement	Summary
i. Your obligations on termination/non-renewal	Not Applicable	Not Applicable.
j. Assignment of contract by us	Section 8	We have the right to assign our rights under the Multi-Unit Development Agreement.
k. "**Transfer**" by you - definition	Section 8	You may not transfer or assign any of your rights or obligations under the Multi-Unit Development Agreement without our prior written approval.
l. Our approval of transfer by franchisee	Section 8	You may not transfer or assign any rights or obligations under the Multi-Unit Development Agreement without our prior written consent.
m. Conditions for our approval of transfer	Section 8	You may not transfer or assign any rights or obligations under the Multi-Unit Development Agreement without our prior written consent.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable.
o. Our option to purchase your business	Not Applicable	Not Applicable.
p. Your death or disability	Section 7	This Agreement shall automatically terminate upon the death or permanent disability of Multi-Unit Developer or any controlling principal of Multi-Unit Developer ("**Controlling Principal**") who owns all or a part of the controlling interest ("**Controlling Interest**") in Multi-Unit Developer.
q. Non-competition covenants during the term of the Franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Multi-Unit Development Agreement.
r. Non-competition covenants after the Franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement(s) entered into under the Multi-Unit Development Agreement.
s. Modification of the Multi-Unit Development Agreement	Section 10	Any modification of this agreement must be in writing and signed by both parties.
t. Integration/ merger clauses	Section 10	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.

Provision	Section in Multi-Unit Development Agreement	Summary
u. Dispute resolution by mediation	Sections 15	Except for certain claims, all disputes must be mediated and arbitrated in Los Angeles, California, subject to applicable state law.
v. Choice of forum	Section 13	All disputes must be mediated, arbitrated, and if applicable, litigated in Los Angeles, California, except as provided in the State-Specific Addendum to this Franchise Disclosure Document, subject to applicable state law.
w. Choice of law	Section 13	The laws of the state where the Zoom Room Franchised Business is located, subject to any contrary provision contained in the State-Specific Addendum (See Exhibit G), subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures 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 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.

Some Dog Training Gyms have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Background

The information in this ITEM 19 includes certain historical financial information provided by all Zoom Room Franchised Businesses that were open and operating as of September 1, 2020.

The reporting period for and the franchisees in Table 1 is for all locations open as of January 1, 2021, and reports data from the period between September 2016 through August 2022 ("**Reporting Period Table One**").

The reporting period for Table 2 is from September 1, 2021 through August 31, 2022 ("**Reporting Period Table Two**").

The reporting period for Table 3 is from September 1, 2021 through August 31, 2022 ("**Reporting Period Table Three**").

The reporting period for Table 4 is September 1, 2018 through August 31, 2022 ("**Reporting Period Table Four**"). Specifically, the information contained in Table 4 is based upon Gross Revenues (as defined below) earned by the franchisee during the twelve-month period ("**Annual Revenue Period**") for the time periods of September 1, 2018 – August 31, 2019 ("**2019 FY**"); September 1, 2019 – August 31, 2020 ("**2020 FY**"); and September 1, 2020 – August 31, 2021 ("**2021 FY**") (each a "**Reporting Fiscal Year**").

The reporting period for Table 5 is set out in the applicable notes for Table 5.

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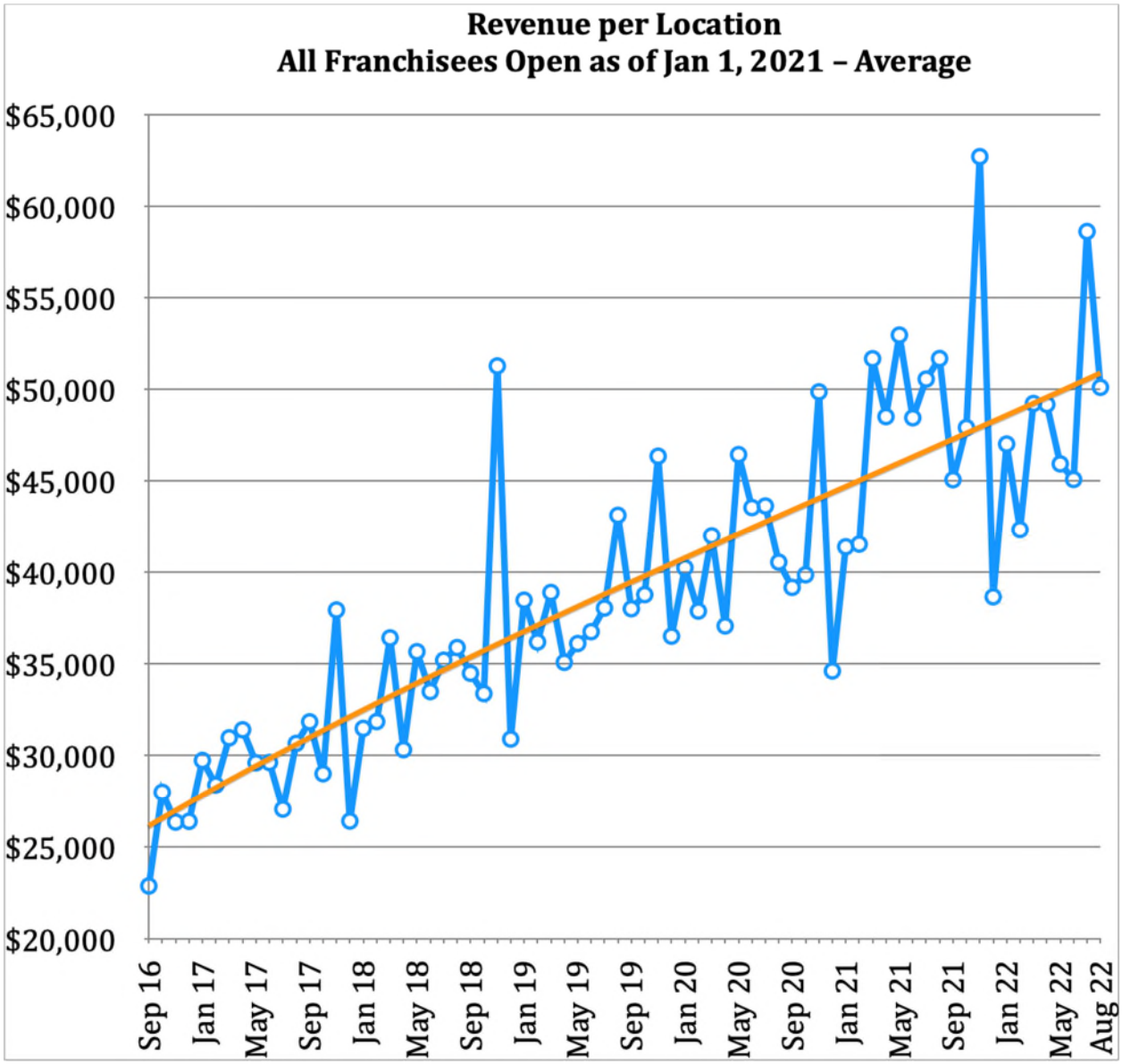
Table 1
System-Wide Growth Graphs



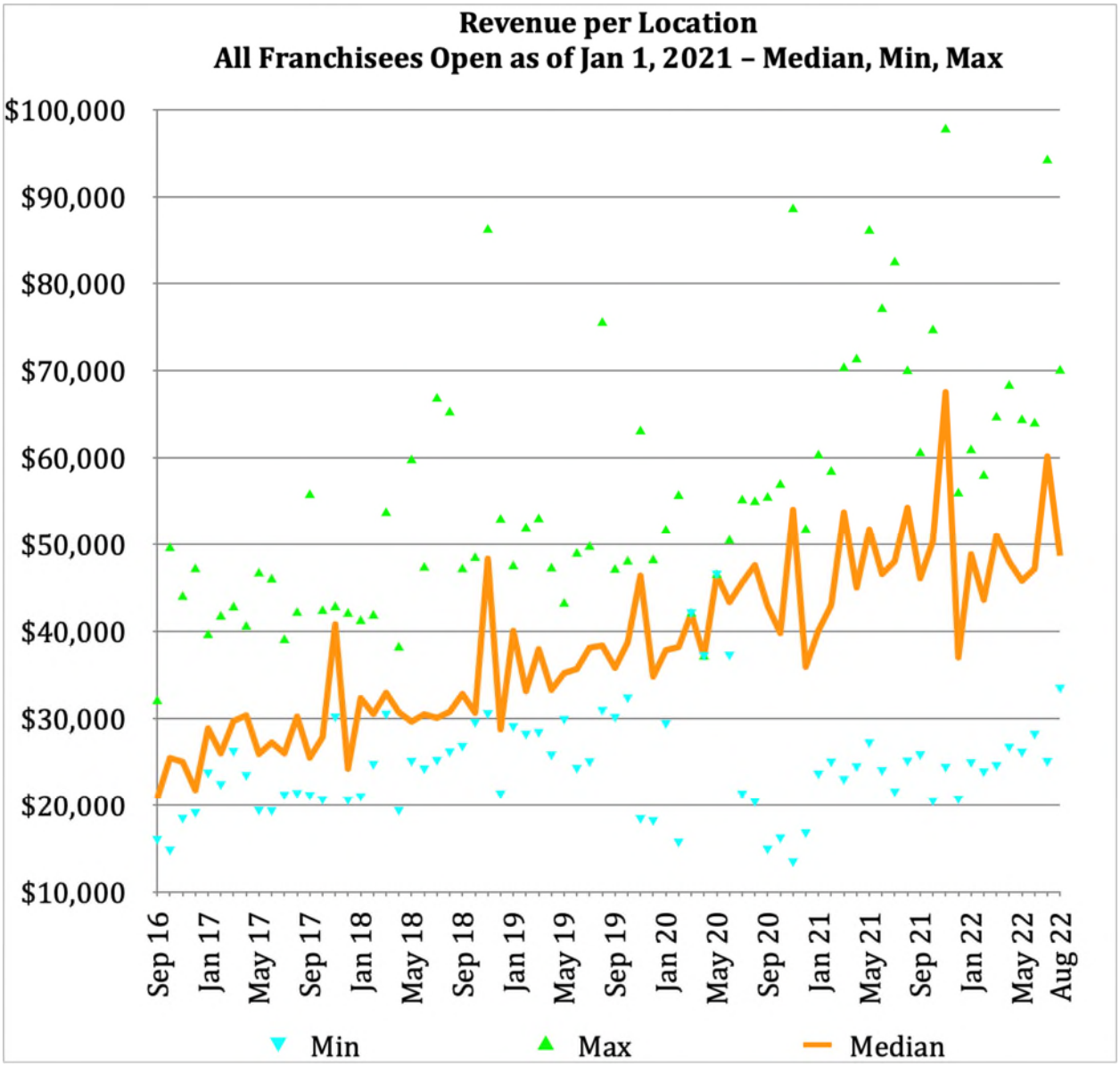


Table 1 Data for Minimum, Maximin, Average, and Median Gross Revenues Supporting Franchised Growth Graphs

	Minimum	Maximum	Average	Median
Sep 16	$15,904.49	$31,964.62	$22,876.09	$20,764.32
Oct 16	$14,676.26	$49,510.51	$27,974.52	$25,437.51
Nov 16	$18,323.09	$43,911.14	$26,348.43	$24,995.85
Dec 16	$18,987.27	$47,090.05	$26,388.63	$21,740.99
Jan 17	$23,606.21	$39,535.58	$29,718.68	$28,828.46
Feb 17	$22,277.51	$41,653.10	$28,374.93	$25,980.15
Mar 17	$26,090.25	$42,712.85	$30,955.04	$29,680.47
Apr 17	$23,326.60	$40,490.64	$31,393.34	$30,331.81

May 17	$19,256.44	$46,596.39	$29,590.07	$25,903.35
Jun 17	$19,211.69	$45,913.19	$29,607.91	$27,221.74
Jul 17	$21,056.43	$38,964.26	$27,053.24	$25,977.07
Aug 17	$21,235.99	$42,082.35	$30,649.51	$30,195.09
Sep 17	$21,006.78	$55,700.96	$31,827.60	$25,476.30
Oct 17	$20,511.81	$42,296.30	$28,992.09	$27,821.30
Nov 17	$30,033.83	$42,732.84	$37,931.39	$40,766.19
Dec 17	$20,476.12	$41,973.72	$26,403.82	$24,213.66
Jan 18	$20,871.14	$41,138.74	$31,468.45	$32,311.71
Feb 18	$24,597.71	$41,766.42	$31,839.62	$30,496.99
Mar 18	$30,358.32	$53,632.10	$36,407.87	$32,916.33
Apr 18	$19,236.87	$38,108.01	$30,305.38	$30,688.64
May 18	$24,952.25	$59,678.72	$35,656.32	$29,606.63
Jun 18	$24,084.14	$47,269.08	$33,478.93	$30,454.61
Jul 18	$25,064.62	$66,750.05	$35,190.67	$30,042.42
Aug 18	$26,039.02	$65,163.23	$35,881.38	$30,742.91
Sep 18	$26,670.80	$47,077.82	$34,475.96	$32,784.06
Oct 18	$29,399.49	$48,376.77	$33,368.83	$30,625.55
Nov 18	$30,409.16	$86,209.32	$51,268.86	$48,280.11
Dec 18	$21,193.39	$52,864.86	$30,885.97	$28,740.38
Jan 19	$28,943.20	$47,426.07	$38,467.94	$40,018.00
Feb 19	$28,059.57	$51,863.79	$36,183.15	$33,107.48
Mar 19	$28,260.95	$52,919.94	$38,887.97	$37,912.20
Apr 19	$25,678.97	$47,179.92	$35,073.89	$33,257.44
May 19	$29,768.08	$43,127.88	$36,101.31	$35,176.47
Jun 19	$24,143.45	$48,869.69	$36,748.02	$35,645.62
Jul 19	$24,896.51	$49,658.84	$38,037.15	$38,086.54
Aug 19	$30,800.52	$75,438.58	$43,113.84	$38,333.34
Sep 19	$29,996.68	$47,022.91	$37,998.26	$35,783.38
Oct 19	$32,218.28	$47,964.26	$38,770.45	$38,695.19
Nov 19	$18,290.16	$63,003.39	$46,343.36	$46,342.54
Dec 19	$18,060.97	$48,116.74	$36,502.90	$34,778.38
Jan 20	$29,288.46	$51,594.25	$40,237.59	$37,808.93
Feb 20	$15,590.55	$55,588.36	$37,871.24	$38,159.92
Mar 20	$41,990.79	$41,990.79	$41,990.79	$41,990.79
Apr 20	$37,061.14	$37,061.14	$37,061.14	$37,061.14
May 20	$46,429.24	$46,429.24	$46,429.24	$46,429.24
Jun 20	$37,121.44	$50,388.25	$43,534.98	$43,315.11
Jul 20	$21,171.58	$55,083.96	$43,624.89	$45,560.18
Aug 20	$20,260.81	$54,887.50	$40,544.45	$47,562.78

Sep 20	$14,790.55	$55,384.94	$39,164.32	$42,883.08
Oct 20	$16,071.97	$56,866.57	$39,853.67	$39,766.86
Nov 20	$13,334.91	$88,567.47	$49,856.53	$53,990.86
Dec 20	$16,653.56	$51,688.81	$34,604.92	$35,900.68
Jan 21	$23,490.92	$60,238.40	$41,384.26	$40,080.13
Feb 21	$24,868.85	$58,360.14	$41,529.51	$42,962.94
Mar 21	$22,862.96	$70,252.85	$51,664.72	$53,682.92
Apr 21	$24,333.50	$71,253.66	$48,504.07	$44,991.99
May 21	$27,088.85	$86,105.11	$52,955.82	$51,708.65
Jun 21	$23,881.77	$77,020.33	$48,440.07	$46,528.66
Jul 21	$21,420.93	$82,475.69	$50,554.03	$48,009.50
Aug 21	$24,981.46	$69,911.94	$51,674.27	$54,220.45
Sep 21	$25,709.96	$60,500.77	$45,059.60	$46,043.79
Oct 21	$20,359.56	$74,584.47	$47,907.31	$50,318.84
Nov 21	$24,275.86	$97,716.45	$62,712.48	$67,483.10
Dec 21	$20,579.73	$55,884.06	$38,651.05	$36,984.93
Jan 22	$24,801.55	$60,828.37	$47,006.82	$48,798.01
Feb 22	$23,745.75	$57,900.62	$42,327.12	$43,588.00
Mar 22	$24,458.92	$64,592.67	$49,221.22	$50,981.55
Apr 22	$26,575.58	$68,216.76	$49,167.55	$47,944.97
May 22	$26,004.13	$64,287.67	$45,924.66	$45,760.48
Jun 22	$28,058.64	$63,898.49	$45,073.14	$47,142.39
Jul 22	$24,931.84	$94,174.39	$58,625.06	$60,118.09
Aug 22	$33,342.56	$69,959.87	$50,103.49	$48,627.41

Notes for Table 1:

(1) The reporting period for the System Growth Graphs is September 2016 through August 2022 ("**Table 1 Reporting Period**"). The first graph reflects all ten franchisees that have been open and operating as of January 1, 2021, namely Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Winter Park, Florida; Austin, Texas; Trophy Club, Texas; Virginia Beach, Virginia; and Seattle, Washington.

(2) "**Average**" in the table above reflects the Franchised Location Gross Revenue for each month divided by the number of Franchised Locations for each month.

(3) To find the **Median**, we arranged the Gross Revenues for each location operating during each month in numerical order, then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. To find the **Minimum**, we took the lowest Gross Revenues amount of the locations operating during each month. To find the **Maximum**, we took the highest Gross Revenues amount of the locations operating during each month.

(4) The orange growth trendline in the Franchised Locations Growth Graph is calculated using a third order polynomial.

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Table 2
Dog Training Gym Financial Performance Analysis

Operating Franchisees – For Franchised Locations Opened As Of January 1, 2020

	Minimum	Maximum	Average	Median	# > Average
GROSS REVENUES	$521,256	$765,253	$686,929	$710,453	5
Cost of Goods Sold	$36,064	$102,619	$57,182	$51,346	2
Total Payroll	$101,019	$299,956	$225,348	$250,817	4
Payroll Paid to Owners	$28,519	$86,750	$66,977	$77,271	4
Payroll	$27,557	$271,437	$158,371	$183,248	4
Royalties	$41,235	$59,628	$53,974	$56,023	4
National Advertising Fund	$5,154	$7,454	$6,747	$7,003	4
Software Fee	$5,616	$5,616	$5,616	$5,616	6
Merchant Processing Fees	$15,685	$28,614	$21,657	$21,487	2
Office & Janitorial Supplies	$1,507	$12,597	$7,875	$9,075	3
Repairs & Maintenance	$341	$1,750	$984	$911	3
Electricity	$1,127	$8,576	$5,199	$5,300	3
Telephone/Internet	$1,903	$4,931	$2,714	$2,331	1
Total Utilities	$3,237	$13,507	$7,913	$7,360	3
Local Marketing	$3,498	$52,710	$30,879	$28,530	3
Worker's Comp	$979	$8,998	$5,038	$4,924	3
Liability Insurance	$656	$3,625	$1,528	$1,354	1
Total Insurance	$2,348	$9,785	$6,566	$6,745	3
Accounting	$980	$9,480	$4,148	$3,748	3
Rent	$77,156	$177,672	$107,971	$99,096	2
TOTAL EXPENSES	**$338,172**	**$557,138**	**$469,882**	**$479,839**	3
NET PROFIT	**$100,796**	**$375,800**	**$217,047**	**$217,135**	3
NET PROFIT MARGIN	**19.3%**	**52.6%**	**31.0%**	**29.2%**	3

Notes for Table 2:

(1) Table 2 includes all six franchisees that were opened as of January 1, 2020. These locations include Austin, Texas; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Virginia Beach, Virginia; and Seattle, Washington (for the purposes of this Table 2, the "**Operating Franchisees**"). The Austin, Texas location has been operating since July 2010; the Belmont, California location has been operating since April 2013; the Huntington Beach, California location has been operating since August 2013; the Seattle, Washington location has been operating since June 2014; the Sherman Oaks, California location has been operating since February 2013; and the Virginia Beach, Virginia location has been operating since July 2015.

(2) The term "**Gross Revenues**" means the total of all revenues and income from the sale of all Zoom Room Franchised Business products and services to customers of each location. Gross Revenues does not include the sale of gift cards sold for use at the Zoom Room Franchised Business, PPP loan funds, or sales tax or any comps. The information regarding Gross Revenue has been provided to us by each of the six Operating Franchisees and has not been audited.

(3) "**Payroll**" excludes salaries paid to the owner(s) of the Franchised Locations.

(4) The term "**Total Expenses**" was calculated by adding all of the values for rows three through twenty for each location listed. The term "**Net Profit**" was calculated by subtracting the value of the Total Expenses for each location from the Gross Revenues of each location. The "**Net Profit Margin**" was calculated by diving the Gross Revenues by the Net Profit for each location.

(5) To find the **Average** we divided the sum of the amounts (whether it was Gross Revenues, costs, or a calculated value) for each location by six. To find the **Median** we arranged the amount (whether it was Gross Revenues, costs, or a calculated value) for each location in numerical order, then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. To find the **Range** we took the lowest dollar amount or percentage in each category and the highest dollar amount or percentage in each category.

Table 3
Dog Training Gym Financial Performance Analysis

Operating Franchisees – For Franchised Locations Opened After January 1, 2020

	Minimum	Maximum	Average	Median	# > Average
GROSS REVENUES	$309,755	$475,433	$417,598	$467,607	2
Cost of Goods Sold	$24,136	$52,969	$42,735	$51,099	2
Total Payroll	$78,203	$199,501	$118,954	$79,158	1
Payroll Paid to Owners	$18,990	$87,293	$55,428	$60,000	2
Payroll	$19,158	$112,208	$63,526	$59,213	1
Royalties	$23,813	$36,590	$32,196	$36,186	2
National Advertising Fund	$2,977	$4,574	$4,025	$4,523	2
Software Fee	$5,616	$5,616	$5,616	$5,616	3

Merchant Processing Fees	$7,661	$13,175	$11,230	$12,854	2
Office & Janitorial Supplies	$2,425	$5,522	$4,165	$4,547	2
Repairs & Maintenance	$1,370	$2,714	$1,938	$1,729	1
Electricity	$4,132	$5,734	$4,921	$4,897	1
Telephone/Internet	$1,431	$3,240	$2,527	$2,909	2
Total Utilities	$6,328	$8,643	$7,448	$7,372	1
Local Marketing	$23,404	$51,982	$41,141	$48,037	2
Worker's Comp	$1,262	$2,964	$1,894	$1,456	1
Liability Insurance	$1,404	$5,078	$3,137	$2,928	1
Total Insurance	$2,666	$8,042	$5,031	$4,384	1
Accounting	$2,932	$5,760	$4,084	$3,559	1
Rent	$58,592	$107,908	$89,773	$102,819	2
TOTAL EXPENSES	**$268,546**	**$355,424**	**$312,906**	**$314,747**	2
NET PROFIT	**$41,209**	**$160,686**	**$104,692**	**$112,182**	2
NET PROFIT MARGIN	**13.3%**	**33.8%**	**23.7%**	**24.0%**	2

Notes for Table 3:

(1) Table 3 includes the three franchisees that were opened after January 1, 2020. These locations include Arrowhead, Arizona, Thousand Oaks, California, and Winter Park, Florida (for the purposes of this Table 3, the "**Operating Franchisees**").

(2) The term "**Gross Revenues**" means the total of all revenues and income from the sale of all Zoom Room Franchised Business products and services to customers of each location. Gross Revenues does not include the sale of gift cards sold for use at the Zoom Room Franchised Business, PPP loan funds, or sales tax or any comps. The information regarding Gross Revenue has been provided to us by each of the three Operating Franchisees and has not been audited.

(3) "**Payroll**" excludes salaries paid to the owner(s) of the Franchised Locations.

(4) The term "**Total Expenses**" was calculated by adding all of the values for rows three through twenty for each location listed. The term "**Net Profit**" was calculated by subtracting the value of the Total Expenses for each location from the Gross Revenues of each location. The "**Net Profit Margin**" was calculated by diving the Gross Revenues by the Net Profit for each location.

(5) To find the **Average** we divided the sum of the amounts (whether it was Gross Revenues, costs, or a calculated value) for each location by three. To find the **Median** we arranged the amount (whether it was Gross Revenues, costs, or a calculated value) for each location in numerical order, then we

identified the middle number. To find the **Range** we took the lowest dollar amount or percentage in each category and the highest dollar amount or percentage in each category.

Table 4
Year-Over-Year Gross Revenues Growth for 2019 to 2022
for Operating Franchisee Locations

Revenue Source	2022 FY vs 2021 FY	2022 FY vs 2020 FY	2022 FY vs 2019 FY	CAGR - 3 years
FRANCHISED LOCATIONS				
AVERAGE	12%	76%	59%	16%
MEDIAN	6%	65%	70%	19%
RANGE	-13%-53%	24%-191%	12%-104%	4%-27%
LOCATIONS EXCEEDING AVERAGE	50% (5 out of 10 locations)	29% (2 out of 7 locations)	57% (4 out of 7 locations)	57% (4 out of 7 locations)

Notes for Table 4:

(1) The information in this Table 4 includes certain historical financial information provided by a total of ten Zoom Room Franchised Businesses that were open on or before January 1, 2021 (for the purposes of this Table 4, the "**Operating Franchisees**"). All ten of the Operating Franchisees provided us with their relevant financial information for the period each of the Reporting Periods (defined below) for each of the tables in this Item 19. The Operating Franchisees include the Dog Training Gyms operated by franchisees in Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Winter Park, Florida; Austin, Texas; Trophy Club, Texas; Virginia Beach, Virginia; and Seattle, Washington. However, only seven of the Operating Franchisees were opened and operating during the 2019 FY and 2020 FY, namely, Belmont, California; Huntington Beach, California; Sherman Oaks, California; Austin, Texas; Trophy Club, Texas; Virginia Beach, Virginia; and Seattle, Washington. Therefore, only information for those Operating Franchisees were included in the FY 2019 and FY 2020 comparisons.

(2) The term "**Gross Revenues**" means the total of all revenues and income from the sale of all Zoom Room products and services to customers of each Operating Franchisee Location. Gross Revenues does not include the sale of gift cards sold for use at the Zoom Room Business, PPP loan funds, or sales tax or any comps. The information regarding Gross Revenue has been provided to us by each of the six Operating Franchisees and has not been audited ("**Reporting Locations**").

The term "**CAGR**" means compound annual growth rate. CAGR is typically used to evaluate the annual rate of growth over multiple years. It determines the rate necessary to grow from a beginning balance to an ending balance assuming the balance compounds one time per year. In this case it is used to compare the compound annual growth rate of sales over a three-year period. CAGR does not reflect investment risk. It is calculated by dividing the ending balance (here, the 2022 FYE revenue) by the beginning balance (here, the 2019 FYE revenue) and raising the result to an exponent of one divided by the number of years (here, three years), and then subtracting one from the result and expressing it as a percentage. You can learn more about CAGR at https://www.investopedia.com/terms/c/cagr.asp. For purposes of this Table 4, only seven Dog Training Gyms operated by franchisees were open during the full three-year period (namely, Belmont, California; Huntington Beach, California; Sherman Oaks, California; Austin, Texas; Trophy Club, Texas; Virginia Beach, Virginia; and Seattle, Washington), and were therefore the only Dog Training Gyms included in the CAGR column.

(3) The revenue data identified in the rows entitled "**Median**," "**Average**," and "**Range**" of the column entitled "**Gross Revenues Growth**" are based on the actual gross revenues earned from

customers patronizing our Reporting Locations. To find the **Average** for the relevant Operating Franchisees we divided the sum of the amounts of Gross Revenues for the relevant Operating Franchisees by the number of relevant Operating Franchisees. To find the **Median** for the relevant Operating Franchisees we arranged the amounts of Gross Revenues for each of the relevant Operating Franchisees in numerical order; then, if there were an even number of relevant Operating Franchisees, we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. To find **Range**, we took the lowest percentage growth for the relevant Operating Franchisees and the highest percentage growth for the relevant Operating Franchisees in each category.

(4) We determined the Median growth and Average growth based upon information provided to us from the Operating Franchisees. The percentage increase or decrease reported during each Annual Revenue Period is determined by subtracting (A) the total revenue from the most recent Reporting Year from (B) the total revenue from the prior Reporting Year and then dividing that difference by (C) the total revenue from the prior Reporting Year. The information has not been audited.

(5) The data identified in the row entitled "**Average**" under Pet Industry is based on the gross sales or revenues of the pet industry as a whole as reported by the American Pet Products Association ("**APPA**"), and located at http://americanpetproducts.org/press_industrytrends.asp. As noted by the APPA, the 2022 figure used for the comparisons with other years is an estimate, whereas figures for all other years reported by the APPA are actual. These figures are based on calendar years.

Table 5

Customer Acquisition and Long-Term Revenue Data for Operating Franchisees

Category	Range	Average Value	Median Value	Number of Locations Exceeding the Average
Cost to Acquire a Customer	$2.75 - $57.41	$33.85	$38.82	5
Average Revenue per Customer (First Eight Weeks)	$320 - $522	$402	$403	6
Historical Lifetime Revenue per Customer	$1,146 - $3,080	$1,796	$1,618	2
Historical Lifetime Revenue per High Value Customer (top 25% of Customers)	$2,644 - $8,354	$4,554	$4,015	2
Historical Lifetime Revenue per Low Value Customer (bottom 25% of Customers)	$332 - $489	$403	$392	3
Customer Retention Rate	77% - 95%	85%	84%	2

Notes for Table 5:

(1) The "**Cost to Acquire a Customer**" was calculated based on new clients acquired between September 1, 2021 and August 31, 2022, and the amounts spent on advertising during the period of August 1, 2021 and July 31, 2022, as reported by the ten franchisees open as of July 1, 2021 (for the purposes of this Table 5, the "**Operating Franchisees**"). The ten Operating Franchisees for Table 5 include Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Reno, Nevada; Seattle, Washington; Austin, Texas; Trophy Club, Texas; and Virginia Beach, Virginia. It was calculated by taking the cumulative amount spent on all marketing efforts by each of the ten Operating Franchisees and dividing that number by the total number of newly acquired paying customers acquired by each of the ten Operating Franchisees during the same period. The "**Range**" reflects the lowest Cost to Acquire a Customer and the highest Cost to Acquire a Customer on a per location basis. The "**Average Value**" was calculated by dividing the sum of the Cost to Acquire a Customer for all ten Operating Franchisees by ten. The "**Median Value**" was determined by putting the Cost to Acquire a Customer for all ten Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing

by two. The "**Number of Locations Outperforming the Average**" means the number of Operating Franchisees whose Cost to Acquire a Customer was lower than the Average Value.

(2) The "**Average Revenue per Customer (First Eight Weeks)** was determined by examining training customers purchases during their first eight weeks as training customers, which initial eight-week period began on the date of their first visit, looking at the period between January 1, 2021 and December 31, 2021 as reported by the ten Operating Franchisees. It was calculated by adding up the cumulative amount spent by all new training customers in their first eight weeks as a training customer at each of the ten Operating Franchisees and dividing that sum by the total number of training customers who made their first purchases during the same period. The "**Range**" reflects the lowest Average Revenue per Customer (First Eight Weeks) and the highest Average Revenue per Customer (First Eight Weeks) on a per location basis. The "**Average Value**" was calculated by adding up the Average Revenue per Customer (First Eight Weeks) for each of the ten Operating Franchisees and dividing that sum by ten. The "**Median Value**" was determined by putting the Average Revenue per Customer (First Eight Weeks) for each of the ten Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The "**Number of Locations Outperforming the Average**" means the number of Operating Franchisees whose Average Revenue per Customer (First Eight Weeks) was higher than the Average Value.

(3) The "**Historical Lifetime Revenue per Customer**" was determined by examining training customers who received services from September 1, 2019 through August 31, 2020 ("**Analyzed Customers**") and analyzing the revenue from those Analyzed Customers during the period between September 1, 2017 to August 31, 2021. It was calculated by taking the cumulative amount spent by the Analyzed Customers at each of the seven Operating Franchisees that were open and operating for at least three years (Belmont, California; Huntington Beach, California; Sherman Oaks, California; Seattle, Washington; Austin, Texas; Trophy Club, Texas; and Virginia Beach, Virginia), which includes the amounts spent by Analyzed Customers who only made a single purchase during that period and Analyzed Customer who made multiple purchases during that period, and dividing that sum by the total number of Analyzed Customer examined for each of the seven applicable Operating Franchisees. The "**Range**" reflects the lowest Lifetime Revenue received from an Analyzed Customer and the highest Lifetime Revenue received from an Analyzed Customer. The "**Average Value**" was calculated by adding up the Historical Lifetime Revenue per Customer for each of the seven applicable Operating Franchisees and dividing that sum by seven. The "**Median Value**" was determined by putting the Historical Lifetime Revenue per Customer for each of the seven applicable Operating Franchisees in numerical order; then we identified the middle number. The "**Number of Locations Outperforming the Average**" means the number of Operating Franchisees whose Historical Lifetime Revenue per Customer was higher than the Average Value.

(4) The term "**High Value Customer**" means an Analyzed Customer whose total purchases put that Analyzed Customer in the top 25% of Analyzed Customer at a particular Dog Training Gym. To determine the "**Average Lifetime Revenue per High Value Customer**" we looked at the cumulative purchases of each High Value Customer at each of the seven Operating Franchisees that were open and operating for at least three years (Belmont, California; Huntington Beach, California; Sherman Oaks, California; Seattle, Washington; Austin, Texas; Trophy Club, Texas; and Virginia Beach, Virginia), during the period between September 1, 2017 to August 31, 2021 as reported by the seven applicable Operating Franchisees. We then added up the gross revenue of all of the purchases of the High Value Customers of each of the reporting locations and divided that number by the total number of High Value Customers in the system. The "**Range**" reflects lowest Average Lifetime Revenue per High Value Customer and the highest Average Lifetime Revenue per High Value Customer on a per location basis, calculated using the same formula. The "**Average Value**" was calculated by adding up the Average Lifetime Revenue per High Value Customer for each of the seven applicable Operating Franchisees and dividing that sum by seven. The "**Median Value**" was determined by putting the Average Lifetime Revenue per High Value Customer for each of the seven applicable Operating Franchisees in numerical order; then we identified the middle number. The "**Number of Locations Outperforming the Average**" means the number of Operating

Franchisees whose Average Lifetime Revenue per High Value Customer was higher than the Average Value.

(5) The term "**Low Value Customer**" means an Analyzed Customer whose total purchases put that Analyzed Customer in the bottom 25% of Analyzed Customer at a particular Dog Training Gym. To determine the "**Average Lifetime Revenue per Low Value Customer**" we looked at the cumulative purchases of each Low Value Customer at each of the seven Operating Franchisees that were open and operating for at least three years (Belmont, California; Huntington Beach, California; Sherman Oaks, California; Seattle, Washington; Austin, Texas; Trophy Club, Texas; and Virginia Beach, Virginia) during the period between September 1, 2017 to August 31, 2021 as reported by the seven applicable Operating Franchisees. We then added up the gross revenue of all of the purchases of the Low Value Customers of each of the reporting locations and divided that number by the total number of Low Value Customers in the system. The "**Range**" reflects lowest Average Lifetime Revenue per Low Value Customer and the highest Average Lifetime Revenue per Low Value Customer on a per location basis, calculated using the same formula. The "**Average Value**" was calculated by adding up the Average Lifetime Revenue per Low Value Customer for each of the seven applicable Operating Franchisees and dividing that sum by seven. The "**Median Value**" was determined by putting the Average Lifetime Revenue per Low Value Customer for each of the seven applicable Operating Franchisees in numerical order; then we identified the middle number. The "**Number of Locations Outperforming the Average**" means the number of Operating Franchisees whose Average Lifetime Revenue per Low Value Customer was higher than the Average Value.

(6) The "**Customer Retention Rate**" was determined by examining customers who purchased training services for the first time between September 1, 2020 and August 31, 2021. We looked at whether they made a subsequent purchase, during the period between September 1, 2020 and August 31, 2022. In order to constitute a subsequent purchase, and therefore be used to indicate retention, a customer must have made two or more purchases over multiple days during this time period ("**Retained Customers**"). It was calculated by dividing the number of Retained Customers by the number of total customers who made a training purchase during the period between September 1, 2020 and August 31, 2021 and expressing that quotient as a percentage. The "**Range**" reflects the lowest Customer Retention Rate and the highest Customer Retention Rate for each of the nine Operating Franchisees that were open and operating for at least two years (Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Seattle, Washington; Austin, Texas; Trophy Club, Texas; and Virginia Beach, Virginia). The "**Average Value**" was calculated by adding up the Customer Retention Rate for each of the nine applicable Operating Franchisees and dividing that sum by nine. The "**Median Value**" was determined by putting the Customer Retention Rate for each of the nine applicable Operating Franchisees in numerical order; then we identified the middle number. The "**Number of Locations Outperforming the Average**" means the number of Operating Franchisees whose Customer Retention Rate was higher than the Average Value.

(7) We determined the Cost to Acquire a Customer, Average Revenue per Customer (First Eight Weeks), Average Lifetime Revenue per Customer, Average Lifetime Revenue per High Value Customer, and Customer Retention Rate based upon information provided to us from the applicable Operating Franchisees. The information has not been audited.

General Notes:

(1) In certain cases, an Operating Franchisee operated their Dog Training Gym(s) for less than the full Annual Revenue Period. Specifically, in the time period between March 2020 and May 2020, some of the Operating Franchisees were temporarily closed for some period of time pursuant to a government-mandated order triggered by the coronavirus.

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

Other than the preceding financial performance representation, Zoom Room 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 Mark Van Wye at Zoom Room Franchising, LLC, 11836 Teale Street, Culver City, CA 90230, telephone 877-966-6766, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2020-2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	6	8	2
	2021	8	11	3
	2022	11	24	+13
Company-Owned	2020	3	3	0
	2021	3	3	0
	2022	3	1	-2
Total Outlets	**2020**	**9**	**11**	**2**
	2021	**11**	**14**	**3**
	2022	**14**	**25**	**+11**

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2020-2022

State	Year	Number of Transfers
California	2020	0
	2021	0
	2022	1
Total Outlets	**2020**	**0**
	2021	**0**
	2022	**1**

Table No. 3
Status of Franchised Outlets
For Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	3	1	0	0	1	0	3
	2021	3	0	0	0	0	0	3
	2022	3	4	0	0	0	0	7
Colorado	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Iowa	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Nevada	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Totals	2020	6	3	0	0	1	0	8
	2021	8	3	0	0	0	0	11
	2022	11	13	0	0	0	0	24

Table No. 4
Status of Company-Owned Outlets
For Years 2020-2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	2	0	1	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	2	1
Texas	2020	1	0	0	0	1	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	**3**	**0**	**1**	**0**	**1**	**3**
	2021	**3**	**0**	**0**	**0**	**0**	**3**
	2022	**3**	**0**	**0**	**0**	**2**	**1**

Table No. 5
Projected Openings as of
August 31, 2022 for 2023

State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	2	2	0
California	7	7	0
Colorado	0	0	0
Florida	6	6	0
Georgia	0	0	0
Idaho	0	1	0
Illinois	1	1	0
Iowa	0	0	0
Kansas	1	1	0
Massachusetts	1	1	0
Michigan	1	1	0
Missouri	1	1	0
Nebraska	1	1	0
Nevada	1	1	0
New York	1	1	0
North Carolina	2	2	0
Ohio	2	2	0
Oklahoma	1	1	0
Pennsylvania	1	2	0
South Carolina	1	1	0
Tennessee	0	1	0
Texas	6	6	0
Utah	0	0	0
Virginia	2	2	0
Washington	3	3	0
Wisconsin	2	2	0
Total	44	46	0

General Notes:

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as **Exhibit E**. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Zoom Room Franchised Business terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement with our predecessor ZRI during the fiscal year period ending August 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in **Exhibit E**.

In some instances, current and former franchisees may have signed provisions within the last three years that restrict their ability to speak openly about their experiences with the Zoom Room System. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. If you buy a Zoom Room Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Exhibit D contains the unaudited financial statements as of October 31, 2022 and the audited financial statements as of August 31, 2020, August 31, 2021, and August 31, 2022. Our fiscal year end is August 31st.

ITEM 22
CONTRACTS

Exhibit B	Franchise Agreement
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Zoom Room Franchised Business
Exhibit I	Multi-Unit Development Agreement

Our preferred method of executing documents is through electronic signature.

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, **Exhibit J**, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 213-576-7505 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	State of Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Securities Regulation Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT B

FRANCHISE AGREEMENT

ZOOM ROOM FRANCHISING, LLC
FRANCHISE AGREEMENT

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ATTACHMENTS:

A. Authorized Location and Protected Territory
B. Owners Agreement
C. Statement of Ownership
D. Lease Addendum

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made and entered into by and between the Franchise Owner identified on the signature block of this Agreement ("**Franchisee**") and ZOOM ROOM FRANCHISING, LLC, a Colorado limited liability company ("**Franchisor**"), as of the date signed by Franchisor opposite Franchisor's signature ("**Effective Date**").

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

1A. *PREAMBLES.*

(1) Franchisor, as a result of the expenditure of time, skill, effort, and money, has developed and owns a unique and distinctive business model relating to the establishment and operation of a dog training facility that provides innovative training, exercise and playtime classes for dogs and their owners ("**Zoom Room Business**").

(2) Franchisor and Franchisor's affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols for the operation of the Zoom Room Business, and Franchisor may create, use, and license other trademarks, service marks, and commercial symbols for the same use (collectively, the "**Marks**").

(3) The Zoom Room Business operates using the business formats, methods, procedures, fixtures, assets, signs, equipment designs, standards, specifications, business tools, and Marks that Franchisor designates ("**System**").

(4) Franchisor grants the right to license and operate a Zoom Room Business to persons who meet Franchisor's qualifications and are willing to undertake the investment and effort to own and operate a Zoom Room Business franchise ("**Franchised Business**") pursuant to the System.

(5) As the owner of a Franchised Business, Franchisee must comply with this Agreement and all System Standards (defined below). System Standards are defined in the manual as mandatory and suggested specifications, policies, standards, safety standards, operating procedures, and rules ("**System Standards**") Franchisor periodically prescribes for operating a Franchised Business in order to maintain the high and consistent quality that is critical to attracting and keeping customers of a Franchised Business and preserving the goodwill of the Marks.

1B. *ACKNOWLEDGMENTS.*

Franchisee acknowledges that:

(1) Franchisee has independently investigated this franchise opportunity and recognizes that, like any other business, the nature of the business that a Franchised Business conducts may, and probably will, evolve and change;

(2) An investment in a Franchised Business involves business risks that could cause the loss of all or part of Franchisee's investment;

(3) Franchisee's personal business abilities and efforts are vital to Franchisee's success;

(4) Retaining customers for a Franchised Business will require Franchisee to have a high level of customer service and adhere strictly to and maintain the System and the System Standards. Franchisor has the right to contact any customer serviced by a Zoom Room Business at any time, for any purpose. Also, if Franchisor is contacted by a client or other patron of a Zoom Room Business who wishes to lodge a complaint, Franchisor may address the complaint in order to preserve goodwill and prevent damage to the brand. Franchisor's right to address complaints may include refunding money or paying other compensation to the complaining person, in which case Franchisee must reimburse Franchisor for these amounts;

(5) Franchisee has not received from Franchisor, and is not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Franchised Business;

(6) Attracting customers to a Franchised Business will require Franchisee to make continual sales efforts and to be out in the community marketing the Franchised Business and building relationships with prospective customers and referral sources;

(7) Franchisee acknowledges and agrees that, in all of their dealings with Franchisee, Franchisor's officers, directors, employees, and agents act only as representatives ("**Franchisor Representatives**") of the Franchisor and not in an individual capacity, and that business dealings between Franchisee and Franchisor Representatives as a result of this Agreement are deemed to be only between Franchisee and Franchisor;

(8) Franchisee has represented to Franchisor, to induce Franchisor's entry into this Agreement, that all statements Franchisee has made, and all materials Franchisee gave Franchisor are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the Franchised Business;

(9) Franchisee has had Franchisor's franchise disclosure document ("**Franchise Disclosure Document**") at least fourteen (14) calendar days prior to the Effective Date;

(10) Franchisee has read this Agreement and the Franchise Disclosure Document and understands and accepts that this Agreement's terms and covenants are necessary for Franchisor to maintain Franchisor's System Standards and to protect and preserve the goodwill of the Marks;

(11) Franchisor has the right to restrict Franchisee's sources of services and goods, as provided in this Agreement, including Section 7E below;

(12) Franchisor did not make any representation, warranty, or other claim regarding the Franchised Business, other than those made in this Agreement and Franchisor's Franchise Disclosure Document, and that Franchisee independently evaluated this opportunity, along with Franchisee's own business professionals and advisors, and relied solely upon those evaluations in entering into this Agreement;

(13) Franchisee has been afforded an opportunity to ask any questions Franchisee has and to review any materials of interest to Franchisee concerning this franchise opportunity; and

(14) Franchisee understands that the audited financial statements ("**Financial Statements**") of Franchisor attached to the Franchise Disclosure Document as Exhibit D have been prepared by a licensed certified public accountant in accordance with Generally Accepted Accounting Principles ("**GAAP**") in the United States governing the preparation of Financial

Statements as of the effective date of the Franchise Disclosure Document. Franchisee further acknowledges that GAAP accounting rules and standards may change over time, and that Financial Statements prepared under new GAAP accounting rules or standards could result in Financial Statements that report results that appear different in the future or change the Financial Statements previously used in a Franchise Disclosure Document. Franchisee represents and warrants to Franchisor that Franchisee reviewed the Financial Statements of Franchisor attached to the Franchise Disclosure Document and to the extent that Franchisee is relying on the Financial Statements as they are currently prepared as the basis for making Franchisee's decision to purchase the Franchised Business, future changes in those Financial Statements due to changes in GAAP will not affect the Franchisee's decision.

(15) Franchisee has been afforded an opportunity to have this Agreement, and all other agreements and materials Franchisor provided to Franchisee, reviewed by an independent attorney and has either done so or expressly waived Franchisee's right to do so.

1C. *CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP*.

If Franchisee is a corporation, limited liability company, general or limited partnership or other legal entity (collectively, an "**Entity**"), Franchisee agrees and represents:

(1) Franchisee has the authority to execute, deliver, and perform Franchisee's obligations under this Agreement and all related agreements and is duly organized or formed and validly existing in good standing under the laws of the state of Franchisee's incorporation or formation;

(2) Franchisee's organizational documents, operating agreement, or partnership agreement recite that this Agreement restricts the issuance and transfer of any ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to this Agreement's restrictions;

(3) Franchisee will furnish to Franchisor any and all organizational documents, operating agreements, or partnership agreements, as applicable, and any and all amendments or updates to such documents;

(4) **Attachment C** to this Agreement completely and accurately describes all of Franchisee's owners and their interests in Franchisee as of the Effective Date;

(5) Each of the Entity's owners listed on **Attachment C** on the Effective Date or subsequently will execute the Owners Agreement in the form attached hereto as **Attachment B** undertaking to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor. Subject to Franchisor's rights and Franchisee's obligations under Section 11, Franchisee and Franchisee's owners agree to sign and deliver to Franchisor revised versions of **Attachment C** to reflect any permitted changes in the information contained in **Attachment C**;

(6) The Franchised Business will be the only business that Franchisee operates during the term of this Agreement (although Franchisee's owners may own other, non-competitive business interests) and Franchisee's governing documents shall at all times reflect this;

(7) Franchisee has identified on **Attachment C** the Managing Owner, or if applicable, the Designated Manger (both defined in Section 7K, below). Franchisee has delivered to Franchisor a completed **Attachment C** to accurately identify the Managing Owner; and

(8) Franchisee is in good standing with the state where Franchisee's Entity is formed as of the Effective Date of this Agreement and will ensure that it remains in good standing during the entire Term of this Agreement.

1D. *GRANT AND TERM OF FRANCHISE.*

Franchisor grants Franchisee a Franchised Business at a specific location selected under Section 2A below ("**Authorized Location**"). The term ("**Term**") of this Agreement begins on the Effective Date and expires ten years after the Effective Date, unless terminated earlier. Franchisee agrees to faithfully, honestly, and diligently perform Franchisee's obligations under this Agreement and to use Franchisee's best efforts to promote the Zoom Room Business.

1E. *PROTECTED TERRITORY.*

During the Term of this Agreement, except as permitted by Section 1F, neither Franchisor nor any affiliate of Franchisor shall establish or operate, or franchise any Entity to establish or operate, a business using the Marks and System at any location within the geographic area described in **Attachment A** to this Agreement ("**Territory**"), provided however that if the Authorized Location has not been selected on the Effective Date, the Territory shall be determined by Franchisor, in its Business Judgment, at the time that the Authorized Location is selected. Franchisee may provide services and sell products to customers located outside of the Territory provided that Franchisee: (a) may not sell products or services in another franchisee's protected Territory; and (b) must comply with any-off site policies and procedures that Franchisor may have in Franchisor's Confidential Operations Manual (defined below). In addition, Franchisor and Franchisee agree that, subject to the Franchisor's reservation of rights in this Agreement, Franchisor will prohibit other franchisees or company-owned locations from directly marketing, selling, or soliciting products or services within the Territory. However, Franchisor has the right to conduct nationwide or broad regional marketing in Franchisee's Territory, and nothing in this Section 1E should be construed as prohibiting or restricting marketing by a Cooperative, of which Franchisee is a member, in Franchisee's Territory as described in this Agreement.

1F. *TERRITORIAL RIGHTS FRANCHISOR RESERVES.*

Franchisee expressly acknowledges and agrees that, except as provided in Section 1E of this Agreement, the rights granted under this Agreement are non-exclusive. Franchisor shall retain the right, among others, for itself and/or through any affiliate, and in any manner and on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein, to:

(1) own, acquire, establish and/or operate, and license others to own, acquire, establish and/or operate, Zoom Room Businesses outside the Territory regardless of their proximity to the Territory or their impact on the Franchised Business;

(2) except as expressly limited by Section 1E of this Agreement, use the Marks or the System to sell any products and/or services, including products and/or services that are the same or similar to those offered by Franchisee and which bear the Marks, through any channels of distribution within or outside of the Territory, regardless of their proximity to the Authorized Location or their impact on Franchisee's existing or potential customers. This includes other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or

over the Internet. Franchisor exclusively reserves the Internet, including computerized or remote entry ordering systems, as a channel of distribution for Franchisor, and Franchisee may not independently market on the Internet or conduct e-commerce unless Franchisee has received Franchisor's prior written permission or unless such activities are expressly authorized by the Confidential Operations Manual;

(3) use and license the use of other proprietary and non-proprietary marks and/or methods which are not confusingly similar to the Marks, in any channel of distribution including through the operation of a physical location anywhere, including within the Territory, regardless of whether such use or license to use creates direct or indirect competition with the Zoom Room Business;

(4) purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with the Franchised Business, wherever located; and

(5) implement multi-area marketing programs which may allow Franchisor or others to solicit or sell to customers and/or customers anywhere. Franchisor also reserves the right to issue mandatory policies to coordinate multi-area marketing programs.

1G. *DISCRETION TO APPLY CREDIT.*

Notwithstanding Franchisor's exclusive right to sell products and services on the Internet in accordance with Section 1F(2), if Franchisor sells products or services that Franchisee is required to sell and provide pursuant to this Agreement using the Marks to a client located in Franchisee's Territory, Franchisor or its supplier or distributor, in Franchisor's Business Judgment, may provide Franchisee with a credit against future royalty fees or contributions to the National Advertising Fund (defined in Section 8A below) due to Franchisor in an amount to be determined by Franchisor.

1H. *MODIFICATION OF FRANCHISE SYSTEM.*

Because complete and detailed uniformity under various conditions may not be possible or practical, Franchisee acknowledges that Franchisor specifically reserves the right and privilege, to modify System Standards for any particular franchise owner based upon circumstances that Franchisor considers important to promote that franchise owner's successful operation. Franchisor may choose not to authorize similar variations or accommodations to Franchisee or other franchisees.

2. SITE SELECTION, LEASE OF DOG TRAINING GYM, AND DEVELOPMENT AND OPENING OF THE ZOOM ROOM BUSINESS.

2A. *SITE SELECTION.*

Franchisor must approve in writing, any site that Franchisee selects for the Authorized Location. Franchisee acknowledges and agrees that Franchisee will be required to use a preferred local broker ("**PLB**") designated by a master broker that Franchisor identifies ("**Master Broker**"), as more specifically outlined in the Operations Manual. Franchisor may periodically change the Master Broker. The PLB will: (i) identify and analyze proposed sites for the Authorized Location; (ii) assist Franchisee with preparation and negotiation of the letter of intent; and (iii) assist Franchisee in lease negotiations for each lease agreement for the dog training facility which will be operated from the Authorized Location ("**Dog Training Gym**"). Franchisor will not accept any proposed site that has not been identified and analyzed by the Master Broker or which lease has not been negotiated by the Master Broker. These site selection services will be provided at no cost to Franchisee. Franchisor may change or terminate its relationship with

the Master Broker at any time. If Franchisor does so, it will provide notice to Franchisee who will immediately discontinue the use of the terminated Master Broker and utilize the services of the new Master Broker, if a new Master Broker is required by Franchisor, or will select a site as described below if no new Master Broker is required by Franchisor.

If Franchisor does not have a Master Broker or terminates its relationship with a Master Broker at any time, Franchisor shall offer such assistance to Franchisee, as Franchisor deems reasonable and necessary, in selecting a site for the Authorized Location, and in advising Franchisee in negotiating an acceptable lease agreement for the Dog Training Gym. The Authorized Location is comprised only of the actual space that Franchisee leases and does not include ancillary areas such as, but not limited to, parking lots, common areas, public area, and property owned by the lessor but not leased by Franchisee. Franchisee acknowledges and agrees that Franchisor's authorization of a site for the Franchised Business means only that the site satisfies Franchisor's minimum site selection standards and is not, and shall not be construed as, a guarantee or assurance that the Franchised Business will be profitable and/or successful. Franchisee may operate the Franchised Business only at the Authorized Location and may use the Authorized Location only for the operation of the Franchised Business.

The Authorized Location is identified in **Attachment A** to this Agreement. If Franchisor has not authorized a location for the Franchised Business as of the Effective Date of this Agreement, Franchisee must obtain Franchisor's authorization before entering into a lease or otherwise acquiring a location. Franchisor will condition its approval of the lease for any proposed location on Franchisee and landlord's agreement to enter into a lease addendum in substantially the same form as the document attached to this Agreement as **Attachment D**. Should Franchisee fail to select a site for the Dog Training Gym which meets with Franchisor's approval within 120 days after the Effective Date, Franchisor has the right to terminate this Agreement.

Franchisee shall not relocate the Dog Training Gym without the prior written consent of Franchisor, which consent shall not unreasonably be withheld, delayed or conditioned. If the lease for the Dog Training Gym expires or terminates through no fault of Franchisee or if the Dog Training Gym is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the Dog Training Gym. Any such relocation shall be at Franchisee's sole expense. Franchisee must pay to Franchisor a relocation fee ("**Relocation Fee**") of $5,000.

2B. *PURCHASE OR LEASE OF FRANCHISEE'S DOG TRAINING GYM.*

Franchisee must purchase, lease or sublease the site from which Franchisee will operate the Dog Training Gym and, at all times during the Term of this Agreement, retain ownership of the site or remain in a lease or sublease for the Dog Training Gym ("**Lease**"). Franchisor has the right to approve the terms of the Lease before Franchisee signs it. Franchisee will enter into Franchisor's prescribed form of lease addendum attached to this Franchise Agreement as **Attachment D** ("**Lease Addendum**"). Franchisee shall deliver an execution copy of the Lease to Franchisor at least ten (10) days prior to signing the Lease for Franchisor's review and approval.

Franchisee shall comply with all terms of the Lease and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of the Dog Training Gym and/or the Franchised Business. Franchisor's approval of the Lease will be conditioned upon the inclusion of any one or more of the following terms and conditions:

(1) the initial term of the Lease, or the initial term together with renewal terms, shall be for at least ten years;

(2) the lessor consents to Franchisee's use of the Marks and signage as Franchisor may now or hereinafter prescribe for the Franchised Business;

(3) the use of the leased Dog Training Gym must be restricted solely to the operation of the Franchised Business;

(4) except as otherwise approved in writing by Franchisor, Franchisee shall be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the Lease without Franchisor's prior written consent;

(5) the lessor must provide to Franchisor copies via email of any and all letters or notices of default given to Franchisee under the Lease concurrently with providing them to Franchisee, and with at least thirty (30) days within which to cure such default;

(6) Franchisor must have the right, but not the obligation, to enter the Dog Training Gym to make reasonable modifications necessary to protect the Marks or the System or to cure any default under this Agreement or under the Lease;

(7) in the event of a default, expiration, or termination of the Agreement or the Lease, Franchisor (or Franchisor's designee) must have the option, but not the obligation, upon notice to the lessor, to assume all of Franchisee's rights under the Lease terms, including the right to assign or sublease;

(8) in the event of a default, expiration, or termination of the Agreement or the Lease, Franchisor shall have the option, but not the obligation, to assign Franchisee's rights under the Lease terms, to another franchisee;

(9) no amendment shall be made to the Lease without Franchisor's prior written consent, which consent shall not be unreasonably withheld; and

(10) Franchisee and the lessor enter into Franchisor's then-standard Conditional Assignment of Lease.

Franchisee shall furnish Franchisor with an executed copy of the Lease within ten days after execution of the Lease. Franchisee acknowledges that Franchisor's acceptance of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of the Zoom Room Business operated at the Authorized Location. Franchisor strongly recommends that Franchisee retain an attorney to review the Lease on Franchisee's behalf.

2C. *FRANCHISEE'S OBLIGATIONS WITH RESPECT TO ZOOM ROOM BUSINESS DEVELOPMENT AND CONSTRUCTION.*

Except as provided in Section 2D below, Franchisee is responsible for developing and constructing the Dog Training Gym in accordance with Franchisor's plans and specifications. Pursuant to this responsibility, Franchisee agrees to do the following, without limitation, at Franchisee's own expense, either through itself or through a third-party:

(1) secure all financing to develop and operate the Zoom Room Business and acquire and maintain adequate capital reserves;

(2) pay all applicable state, county, and municipality taxes and/or fees;

(3) obtain all required building, utility, sign, health, sanitation, business, and other permits and licenses;

(4) purchase business liability and/or other types of insurance required by Franchisor for the Dog Training Gym;

(5) obtain all building inspections and approvals, occupancy and/or construction permits, and architectural drawings; and

(6) construct all improvements to the Dog Training Gym and decorate the Dog Training Gym according to approved plans and specifications and in accordance with the requirements of Franchisee's Lease.

2D. *FRANCHISOR'S OBLIGATIONS WITH RESPECT TO ZOOM ROOM BUSINESS DEVELOPMENT AND CONSTRUCTION.*

Franchisor will provide the following services to Franchisee:

(1) Franchisor will make available, at no charge to Franchisee, proposed basic plans and specifications for the construction of the interior design and layout of the Dog Training Gym; and

(2) Franchisor will provide opening assistance to Franchisee which shall consist of providing general assistance and guidance in connection with the opening of the Dog Training Gym. A minimum one (1) of Franchisor's representatives will travel to the Dog Training Gym, at Franchisor's sole cost and expense, for three day**s** to assist Franchisee during the grand opening of the Dog Training Gym. If Franchisee requests additional assistance with respect to the opening or continued operation of the Dog Training Gym, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor $300 per day, plus Franchisor's expenses, for such additional assistance.

2E. *OPERATING ASSETS.*

Franchisee agrees to use only those assets, fixtures, furnishings, equipment, signs, and supplies that Franchisor approves as meeting Franchisor's specifications and standards for quality, design, appearance, function, and performance ("**Operating Assets**"). Franchisee agrees to place or display at the Authorized Location (interior and exterior) only signs, emblems, lettering, logos, and display materials that Franchisor periodically approves. Franchisee must purchase and/or lease approved brands, types, or models of Operating Assets only from suppliers Franchisor designates or approves (which may include or be limited to Franchisor and/or Franchisor's affiliates).

2F. *COMPUTER SYSTEM.*

Franchisee, at its expense, must purchase or lease, maintain and use, the computer hardware (including, without limitation, laptops), software (including, without limitation, point-of-sale software), and firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment, and methods of operation, as Franchisor specifies in the Confidential Operations Manual or otherwise in writing ("**Computer System**"). The Computer System must have the capacity to electronically exchange information, messages, and other data with other computers by such means (including, but not limited to, the Internet), and using such protocols (TCP/IP protocols), as Franchisor may reasonably prescribe in the Confidential Operations Manual or otherwise in writing.

Franchisor has the right at any time to retrieve data and information from the Computer System or obtain data relating to the Franchised Business and use it for any purpose both during and after the Term of this Agreement.

Franchisee must keep the Computer System in good maintenance and repair and promptly make any and all additions, changes, modifications, substitutions, and/or replacements to the Computer System as Franchisor directs. Franchisee must pay any and all, annual or otherwise, software fees per location, or other fees, as required by Franchisor's designated vendors in order to maintain the Computer System. Franchisee agrees that the vendors have the right to increase or decrease the annual software fees at any time in their sole discretion upon written notice to Franchisee. Franchisee further acknowledges and agrees that Franchisor reserves the right to change its vendors, including any software vendor, at any time and in its Business Judgment. Franchisee may not alter the Computer System, or use alternative software or suppliers of technology, without Franchisor's prior written consent.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date related problems and attacks by hackers and other unauthorized intruders ("**E-Problems**"). Franchisor has taken reasonable steps so that E-Problems will not materially affect Franchisor's business. Franchisor does not guarantee that information or communication systems that Franchisor or others supply will not be vulnerable to E-Problems. It is Franchisee's responsibility to protect itself from E-Problems. Franchisee should also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, have reasonable protection from E-problems. This may include taking reasonable steps to secure Franchisee's systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

2G. *COMPUTER SYSTEM DATA.*

Franchisor owns all data generated by, gathered by, and/or stored in the Computer System concerning the Zoom Room Business including client lists and data and financial information of the Zoom Room Business. Franchisee's right to access and use this data is granted pursuant to the terms of this Agreement. Upon termination or expiration of this Agreement, all of Franchisee's rights to such data will also terminate. Franchisee must provide Franchisor with electronic access to all data generated by and/or stored in the Computer System. Franchisee must provide Franchisor all usernames and passwords associated with any software used within the Zoom Room Business. Franchisor can use this information and data in any manner to promote the System and the sale of Zoom Room franchises. This may include posting financial information for each franchisee on an intranet website. There is no contractual limitation on Franchisor's right to receive or use information through Franchisor's data management and intranet system.

2H. *ZOOM ROOM BUSINESS OPENING.*

Prior to the Zoom Room Business opening and conducting business, Franchisor has the right, but not the obligation, to inspect the Dog Training Gym to determine if it meets Franchisor's System Standards and specifications.

Franchisee agrees not to open the Dog Training Gym until:

(1) Franchisor has conducted two video tours of the Dog Training Gym. The first video tour shall be conducted immediately following completion of the buildout of the Dog Training Gym to ensure complete and correct construction buildout. The second video tour shall

be conducted immediately after Franchisee acquires all required equipment, technology, retail items, and supplies for the Dog Training Gym.

(2) Franchisor notifies Franchisee in writing that the Dog Training Gym meets Franchisor's System Standards and specifications (although Franchisor's authorization is not a representation or warranty, express or implied, that the Franchised Business complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord, insurance, safety, tax, governmental, or other statutes, laws, ordinances, rules, regulations, requirements, or recommendations nor a waiver of Franchisor's right to require continuing compliance with Franchisor's requirements, System Standards, or policies).

(3) The Managing Owner, or, if applicable, Designated Manager, and other required attendees satisfactorily complete applicable portions of training before opening.

(4) Franchisee has at least two certified dog trainers (which may include the Managing Owner or, if applicable, the Designated Manager), each of which must be trained independently and approved by Franchisor.

(5) Franchisee pays the Initial Franchise Fee and all other amounts due to Franchisor.

(6) Franchisee gives Franchisor certificates for all required insurance policies.

(7) Franchisee complies with all other requirements set forth in the Confidential Operations Manual or otherwise directed in writing by Franchisor.

3. FEES.

3A. *INITIAL FRANCHISE FEE.*

Upon execution of this Agreement, Franchisee must pay a fee ("**Initial Franchise Fee**") to Franchisor set forth on **Attachment A**. The Initial Franchise Fee is fully earned upon execution of this Agreement and is nonrefundable for any reason. The Initial Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees, and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

3B. *ROYALTY FEE.*

*DURING THE TERM OF THIS AGREEMENT, FRANCHISEE SHALL PAY TO FRANCHISOR A CONTINUING WEEKLY ROYALTY FEE IN AN AMOUNT EQUAL TO EIGHT PERCENT (8%) OF THE GROSS SALES (DEFINED BELOW) FOR THE FRANCHISED BUSINESS ("**ROYALTY**").*

3C. *DEFINITION OF "GROSS SALES."*

"**Gross Sales**" shall mean all revenue from the sale of all products or services received by the Zoom Room Business, and regardless of collection in the case of credit, less any sales taxes or other taxes which, by law, are chargeable to customers. Gross Sales does not include the amount of any refunds. Gross Sales may also be adjusted in accordance with any provisions contained in the Confidential Operations Manual.

Gross Sales shall be deemed received by Franchisee at the time (i) the services or products from which they were derived are delivered or rendered or (ii) when the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on an account receivable) has been received by Franchisee. Gross Sales consisting of products or services shall be valued at the retail prices applicable and in effect at the time that they are received.

3D. *MARKETING CONTRIBUTIONS.*

Franchisee is required to make contributions to the marketing fund as specified in Section 8 of this Agreement.

3E. *ROYALTY FEE AND MARKETING CONTRIBUTIONS DUE DATE.*

Unless otherwise specified by Franchisor in writing, payments to Franchisor pursuant to Sections 3B, 3E, and 3G shall be due on Monday of each week ("**Due Date**").

3F. *TECHNOLOGY FEES.*

Franchisee is required to utilize the hardware identified by Franchisor for the point of sale system ("**POS System**") for the operation of Franchisee's Zoom Room Business. The equipment requirements for the POS System are outlined in the Confidential Operations Manual. Franchisee is also required to utilize Franchisor's proprietary software as part of the POS System. Franchisee will be required to pay an initial setup fee of $400 per location no later than sixty days prior to the date that Franchisee opens the Dog Training Gym (or earlier if Franchisee requests access to the POS System earlier) and a weekly software fee on the Due Date which is currently $108 per week. Franchisor reserves the right to change this fee in the event Franchisor offers updated or additional software or technology for use in the Zoom Room Business.

3G. *INTENTIONALLY DELETED.*

Intentionally deleted.

3H. *PAYMENT UPON REQUEST.*

Franchisee shall pay to Franchisor, within five calendar days of any written request by Franchisor that is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has paid on behalf of Franchisee, for goods, services, or fees, or taxes as provided in Section 16 of this Agreement, which is owed by Franchisee in connection with the operation of the Dog Training Gym or as required under this Agreement. Franchisee shall also pay any other monies due to Franchisor within five calendar days of any written request.

3I. *LATE PAYMENTS/INSUFFICIENT FUNDS.*

Any and all overdue amounts to Franchisor shall bear interest accruing as of their original due date at 1.5% per month or the maximum rate permitted by law, whichever is less, calculated on a daily basis. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

Franchisor may debit Franchisee's bank account automatically or deduct from amounts Franchisor owes to Franchisee in order to collect for service charges, interest, or overdue amounts. Franchisee acknowledge that this Section 3I is not Franchisor's agreement to accept any payments after they are due

or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Zoom Room Business.

Franchisee will be required to pay Franchisor $100 for any transaction that generates an insufficient funds fee or returned check fee from any payment that Franchisor attempts to collect from Franchisee. Franchisee will also be required to pay this fee in the event that Franchisee issues a "stop payment" order for any check made out to Franchisor or its affiliates, regardless of the reason for the stop payment order.

No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor will be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided by this Agreement or by law.

3J. *APPLICATION OF PAYMENTS.*

Despite any designation Franchisee makes, Franchisor may apply Franchisee's payments to any of Franchisee's past due indebtedness to Franchisor. Franchisor may set off any amounts Franchisee and/or its guarantors, if applicable, owe Franchisor against any amounts Franchisor owes Franchisee and, at Franchisor's option, may pay Franchisee's trade creditors out of any sum otherwise due to Franchisee by Franchisor. Franchisee may not withhold payment of any amounts Franchisee owes Franchisor due to Franchisor's alleged nonperformance of any obligations under this Agreement and Franchisee shall have no right to set off.

3K. *METHOD OF PAYMENT.*

All payments required in this Section or otherwise required to be paid by Franchisee to Franchisor shall be made by electronic fund transfer ("**EFT**") to an account specified by Franchisor, as more fully set forth in the Confidential Operations Manual. Upon Franchisee's opening of Franchisee's bank account, or on the Effective Date if such bank account is open, Franchisee shall furnish Franchisor, and/or Franchisor's payee, with such information and authorizations as may be necessary to permit such persons to make withdrawals by EFT in the form prescribed by Franchisor. Franchisee shall bear all expenses, if any, associated with such authorizations and payments. Franchisor shall have the right to periodically specify (in the Confidential Operations Manual or otherwise in writing) different payees and/or payment methods, such as, but not limited to, weekly/biweekly payment, payment by auto-draft, and payment by check. Franchisor reserves the right to charge a service fee of up to four percent (4%) for any payment paid to it or its affiliates by credit card.

Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty or any other fee or charge due to Franchisor or any affiliate of Franchisor under this Agreement.

4. TRAINING, EVENTS AND ASSISTANCE.

4A. *INITIAL TRAINING.*

Franchisor shall provide, and Franchisee and/or its Designated Manager or Managing Owner (both defined in Section 7J below) must complete, an initial training program at the times and places that Franchisor designates ("**Initial Training Program**") which will consist of the Online Training Program, Webinar Workshops, and In-person Training (all of which are defined below). Franchisor estimates that the online training program ("**Online Training Program**") will take Franchisee approximately 40 hours to complete. Franchisee must satisfactorily complete the Online Training Program prior to attending the webinar workshops ("**Webinar Workshops**") and prior to attending Franchisor's in-person training

described below ("**In-person Training**"). Prior to the opening of the Dog Training Gym, either Franchisee, the Designated Manager or the Managing Owner, and one additional trainer must successfully complete, to Franchisor's satisfaction, both the Webinar Workshops and the In-person Training pertaining to the operation and administration of the Dog Training Gym including, but not limited to, dog training; dog handling; Zoom Room training curricula; sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other operational issues as determined by Franchisor. Franchisee must have at least two trainers that have successfully completed the Online Training Program, Webinar Workshops, and In-person Training prior to opening the Dog Training Gym.

Franchisor will conduct the Webinar Workshops via a virtual meeting platform and will conduct the In-person Training at one of its training facilitates, as Franchisor designates. Franchisor will not charge tuition or similar fees for the Webinar Workshops and the In-person Training for two persons to attend so long as both attend prior to the opening of the Dog Training Gym, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, are the sole responsibility of Franchisee. If more than two persons attend the Webinar Workshops or the In-person Training, Franchisee shall pay Franchisor an additional fee of $1,500 for each additional person who attends the Webinar Workshops or the In-person Training in addition to all costs and expenses associated with attending the Webinar Workshops or the In-person Training.

Following the successful completion of the Webinar Workshops or the Initial Training Program, Franchisee or its Designated Manager shall be responsible for training its management and other employees provided that Franchisee's designated training person must demonstrate to Franchisor's satisfaction, his or her ability to train Franchisee's employees. If such designated trainer does not meet Franchisor's requirement, Franchisor may require such person to complete Additional Training (defined below) or the Designated Manager training described in Section 4B. If at the completion of the Initial Training Program, Franchisor's training team is not able to grant Franchisee a training completion certificate due to Franchisee's lack of knowledge, attendance, etc., and the training must be prolonged to ensure brand satisfaction, Franchisor will charge Franchisee $1,500 per person for the extended training which will be due on demand by Franchisor.

4B. *DESIGNATED MANAGER TRAINING.*

Franchisee must notify Franchisor of any change in the Designated Manager and the new Designated Manager must complete the Initial Training Program to Franchisor's satisfaction within sixty day**s** of hiring (Franchisor has the right to waive or otherwise adjust this requirement). The new Designated Manager must complete all of the Initial Training Program. Attendance at Designated Manager training shall be at Franchisee's sole expense which shall be $1,500 per person. Franchisee shall be responsible for all travel costs, room and board and salaries incurred in connection with (i) the new Designated Manager's attendance at training or (ii) Franchisor's employees' travel to Franchisee's location if Franchisor agrees in its Business Judgment to provide the training required at such location.

4C. *CONTINUING SYSTEM TRAINING AND REMEDIAL TRAINING.*

Franchisor may periodically require that Franchisee (including, if applicable, Franchisee's Managing Owner, Designated Manager, staff, and employees) attend additional training programs that Franchisor designates in the Confidential Operations Manual, or otherwise in writing, and at the times and places that Franchisor designates ("**Continuing System Training**"). In most cases, this Continuing System Training will be provided via distance learning or at the Annual Convention. Other than the Convention Fee addressed below, there will be no additional charge for the Continuing System Training. Attendance at these Continuing System Training programs is mandatory.

In some instances, and from time to time, Franchisor may determine in its Business Judgment that Franchisee, the Managing Owner, or the Designated Manager is failing to deliver the Zoom Room products or services as required under the terms of this Agreement. Under such circumstances, Franchisor has the right to require such person or persons to attend remedial training ("**Remedial Training**") to correct such deficiencies. Attendance at Remedial Training shall be at Franchisee's sole expense which will include a charge of $1,500 per person. Franchisee shall be responsible for all travel costs, room and board and salaries incurred in connection with (i) Franchisee's employee's attendance at Remedial Training or (ii) Franchisor's employees' travel to Franchisee's location if Franchisor agrees in its Business Judgment to provide the Remedial Training required at such location.

Franchisee understands and agrees that any training or advice Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide training or advice, all of which Franchisor may discontinue and modify at any time in its Business Judgment.

4D. *ANNUAL CONVENTION.*

The Managing Owner, Designated Manager (if applicable) and other employees of Franchisee as designated by Franchisor must attend Franchisor's annual national convention of franchisees ("**Convention**"). Franchisee shall pay a Convention fee ("**Convention Fee**") for each individual that is required to attend the Convention. Franchisor has the right to change the Convention Fee at any time. Franchisee's failure to attend the Convention is a default under this Agreement. Franchisee is responsible for all travel, living expenses, and wages in connection with attendance at the Convention.

4E. *MEETINGS, SEMINARS, WORKSHOPS, AND REGIONALS.*

Franchisee must attend, at Franchisee's sole expense, such additional meetings, seminars, workshops and regional conventions as Franchisor may reasonably require.

4F. *GENERAL ASSISTANCE.*

Franchisor will provide such initial and continuing advice and assistance to Franchisee in the operation of the Zoom Room Business as Franchisor deems appropriate.

Franchisor, or Franchisor's designee, shall conduct, when and as frequently as it deems advisable, and in the manner that it deems appropriate, inspections of the Dog Training Gym and Franchisee's business, management and operations in order to assist Franchisee and to maintain System Standards.

4G. *CONFIDENTIAL OPERATIONS MANUAL.*

Franchisor shall loan Franchisee, or otherwise make available to Franchisee, one copy of Franchisor's operating manual ("**Confidential Operations Manual**"), which, may exist in various parts, locations, and formats and may, in Franchisor's Business Judgment, include a combination of audio, video, written material, electronic media, website content, and/or software components. The Confidential Operations Manual sets forth the System Standards. The Confidential Operations Manual also includes guidelines or recommendations in addition to the System Standards. In some instances, the System Standards will include recommendations or guidelines to meet the required standards. Franchisee may follow the recommendations or guidelines or some other suitable alternative, provided Franchisee meets and complies with the System Standards. In other instances, no suitable alternative may exist. In order to protect Franchisor's interests in the System and Marks, Franchisor reserves the right to determine if

Franchisee is meeting a required System Standard and whether an alternative is suitable to any recommendations or guidelines.

The Confidential Operations Manual shall at all times remain the sole property of Franchisor. Franchisee agrees that the Confidential Operations Manual's contents are confidential, and Franchisee shall disclose the Confidential Operations Manual only to its Designated Manager and to those persons who need to know its contents and who have signed an enforceable confidentiality agreement that achieves the purpose of protecting the Confidential Operations Manual's contents. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Confidential Operations Manual. If Franchisee's copy of the Confidential Operations Manual is lost, destroyed, or significantly damaged, Franchisee agrees to obtain a replacement copy at Franchisor's then applicable charge.

Franchisor may, at its option, post some or all of the Confidential Operations Manual's contents on a restricted website, intranet or extranet to which Franchisee will have access. In this event, Franchisee agrees to monitor and access the website, intranet or extranet for any updates to the Confidential Operations Manual and/or System Standards. Any passwords or other digital identifications necessary to access the Confidential Operations Manual on the website or extranet will be deemed to be part of Confidential Information (defined in Section 6A below).

Franchisor has the right to add to or otherwise modify the Confidential Operations Manual from time to time to reflect changes in the specifications, System Standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee must immediately, upon notice, adopt any such changes and shall ensure that its copy of the Confidential Operations Manual is up-to-date at all times. If a dispute as to the contents of the Confidential Operations Manual arises, the terms of the master copy of the Confidential Operations Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

4H. *DELEGATION OF PERFORMANCE.*

Franchisee agrees that Franchisor has the right to delegate any duty or obligation imposed on Franchisor by this Agreement to a designee of Franchisor, including a third-party designee, whether these designees are Franchisor's agents or independent contractors with whom Franchisor has contracted (1) the performance of any portion or all of Franchisor's obligations under this Agreement, and (2) any right that Franchisor has under this Agreement. If Franchisor does so, such third-party designees will be obligated to perform the delegated functions for Franchisee in compliance with this Agreement.

4I. *STAFFING*

All employees or independent contractors hired by or working for Franchisee will be Franchisee's employees or independent contractors alone and will not, for any purpose, be deemed Franchisor's employees or subject to Franchisor's control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisee and Franchisor will file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to their respective employees and operations, and will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof.

Franchisor will not have the power to hire or fire Franchisee's employees or make any other staffing, wage or hour, or employment related decision regarding Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to

certify certain of Franchisee's employees or independent contractors for qualification to perform certain functions for the Franchised Business does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee or independent contractor. Franchisee is solely responsible for all hiring and employment decisions and functions relating to the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee agrees that any recommendation it receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel well-versed in employment law.

Franchisee acknowledges and agrees that Franchisee must comply with Franchisor's requirements in the Confidential Operations Manual with regard to the manner and timing in which employees providing direct dog-training services receive Zoom Room System training.

5. INTELLECTUAL PROPERTY.

5A. *OWNERSHIP AND GOODWILL OF THE MARKS.*

Franchisor represents, and Franchisee agrees, with respect to the Marks that:

(1) Franchisor owns or is the licensor of the Marks;

(2) Franchisor shall take all steps reasonably necessary to preserve and protect the validity of the Marks; and

(3) Franchisor shall permit Franchisee to use the Marks only in accordance with the System and Confidential Operations Manual.

5B. *FRANCHISEE'S OBLIGATIONS WITH RESPECT TO THE MARKS.*

With respect to Franchisee's use of the Marks, Franchisee agrees that:

(1) Franchisee shall use only the Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;

(2) Franchisee shall use the Marks only for the operation of the Franchised Business, and only at the Authorized Location and Dog Training Gym or in advertising approved by Franchisor for the Franchised Business;

(3) Unless otherwise authorized or required by Franchisor in writing, Franchisee shall operate and advertise the Zoom Room Business only under the name "ZOOM ROOM" without prefix or suffix;

(4) Franchisee shall identify itself as an independent Franchisee and owner of the Franchised Business in conjunction with any use of the Marks or the operation of the Zoom Room Business, and shall place a written notice to such effect, in a form approved by Franchisor, in a conspicuous location at the Dog Training Gym;

(5) Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement;

(6) Franchisee shall not use the Marks to incur any obligation or indebtedness on behalf of Franchisor;

(7) Franchisee shall execute any documents deemed necessary by Franchisor or its affiliates to obtain protection for the Marks or to maintain their continued validity and enforceability;

(8) Franchisee shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity or use of, the Marks. Franchisee acknowledges that Franchisor (or the owner of the Marks) shall have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor shall have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. Franchisor (or the owner of the Marks) shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. If Franchisor, in its Business Judgment, determines that Franchisee has used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its Business Judgment, determines that Franchisee has not used the Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee shall execute any and all documents and do such acts that may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket litigation costs in cooperating with Franchisor with respect to the litigation; and

(9) Franchisee shall not use the Marks as part of its corporate or other legal name or as part of any Uniform Resource Locator (URL) or Website.

5C. *FRANCHISEE'S ACKNOWLEDGEMENTS WITH RESPECT TO THE MARKS.*

Franchisee expressly understands and acknowledges that:

(1) the Marks are valid and serve to identify the System and those who are franchised under the System;

(2) during the Term of this Agreement and after its expiration or termination, Franchisee shall not, directly or indirectly, contest the validity or ownership of the Marks, take any action which may tend to jeopardize Franchisor's interest in the Marks, or take any action which may tend to jeopardize Franchisor's right to use and to license others to use the Marks;

(3) Franchisee's use of the Marks does not give Franchisee any ownership interest or other interest in or to the Marks, other than the license granted by this Agreement;

(4) any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to the benefit of Franchisor and its affiliates and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks;

(5) Franchisor and its affiliates shall have and retain the rights, among others: (a) to use the Marks themselves in connection with selling products and services; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; and (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or Franchises thereto without providing any rights therein to Franchisee; and

(6) Franchisor reserves the right to substitute different proprietary marks for use in identifying the System, and the businesses operating under the System, if the Marks no longer can be used, or if Franchisor, in its Business Judgment, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for such substitution, except that in the event that Franchisor is required to discontinue use of a Mark based upon a court ruling that the Mark infringes on another trademark then, in such event, Franchisor shall bear only the costs of modifying Franchisee's signs and advertising materials to conform to Franchisor's new proprietary marks. Franchisee shall implement promptly any such substitution.

5D. *PHOTO/VIDEO RELEASE.*

Franchisee acknowledges and authorizes Franchisor or anyone else in the Zoom Room System to use Franchisee's likeness and any likeness of Franchisee's Authorized Location in a photograph in any and all publications made by anyone in the Zoom Room System, including printed and digital publications and on websites. Franchisee agrees and understands that any photograph using Franchisee's likeness, or the likeness of the Authorized Location, will become Franchisor's property and will not be returned. Franchisee agrees and irrevocably authorizes Franchisor to edit, alter, copy, exhibit, publish or distribute any photograph of Franchisee or Franchisee's Authorized Location for any lawful purpose. Franchisee agrees and waives any rights to royalties, or any other compensation related to Franchisor's use of any photograph of Franchisee or Franchisee's Authorized Location. Franchisee agrees to hold harmless and forever discharge Franchisor from all claims, demands, and causes of action which Franchisee may have in connection with this authorization. Franchisee further agrees to secure copyrights or licenses from any professional photographer hired or engaged by Franchisee which provides for system-wide use of such photograph by anyone in the Zoom Room System.

6. CONFIDENTIAL INFORMATION.

6A. *CONFIDENTIAL INFORMATION DEFINED.*

Franchisee shall treat the System, any information relating to the System, the Confidential Operations Manual, Improvements (defined in Section 6C below), any and all information contained in the Computer System, and client information including details and lists of customers and their contact details (collectively, the "**Confidential Information**") as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The Confidential Information shall at all times remain the sole property of Franchisor.

6B. *FRANCHISEE'S OBLIGATIONS WITH RESPECT TO CONFIDENTIAL INFORMATION.*

Franchisee shall not, during or after the term of this Agreement, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, the Confidential Information and/or any knowledge or know-how concerning the methods of operation of the Zoom Room Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under this Agreement. Franchisee shall divulge the Confidential Information only to those employees who must have access to Confidential Information in order to perform their employment responsibilities. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes hereof unless and until Franchisee shall demonstrate that the information has become public knowledge.

Each Designated Manager, Managing Owner and anyone who has access to the Confidential Information or any of Franchisor's training programs (including Franchisee's employees who are dog trainers) and each of their successors must sign, and forward to Franchisor, a written agreement, in the form prescribed in the Confidential Operations Manual or other format acceptable to Franchisor, to conform with the covenants not to compete as described in Section 15 of this Agreement and the obligation to maintain confidential the Confidential Information as described in Section 6 of this Agreement. Franchisor shall be a third-party beneficiary of any such agreement.

6C. *IMPROVEMENTS.*

Any improvements or additions to the System, the Zoom Room Website (defined in Section 8E below), a Website (defined in Section 8F below), or any other documents or information pertaining to or relating to the System or the Franchised Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Zoom Room Business or any advertising and promotional ideas, photographs, videos, text, training materials, or inventions related to the Zoom Room Business or Franchised Business (individually, an "**Improvement**"; collectively, "**Improvements**") conceived or developed by Franchisee and its employees, officers or agents shall become the sole property of Franchisor. Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any Improvement may be used by Franchisor and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisor may apply for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor in securing such rights. If any of the Improvements are copyrightable materials, they shall be deemed "works made for hire" within the meaning of the United States Copyright Act and, to the extent the Improvements are not "works made for hire" or rights in the Improvements do not automatically accrue to Franchisor, Franchisee irrevocably assigns and agrees to assign to Franchisor, its successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights in the Improvements, including all moral rights, copyrights and related rights, and the right to sublicense any such Improvement. In return, Franchisor shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Improvements from another person or Entity necessary to ensure Franchisor's right in the Improvements as required in this Section.

6D. *IRREPARABLE HARM.*

Franchisee acknowledges that any failure to comply with the requirements of this Section 6 will cause Franchisor irreparable injury for which no adequate remedy at law may be available, and Franchisee agrees that Franchisor may seek, and Franchisee agrees to pay, all court costs and reasonable attorney fees

incurred by Franchisor in obtaining, without posting a bond, an *ex parte* order for injunctive or other legal or equitable relief with respect to the requirements of this Section.

7. SYSTEM STANDARDS.

7A. *GENERALLY.*

Franchisee understands and acknowledges that every detail of the System and the Zoom Room Business is essential to Franchisee, Franchisor, and other franchisees of the System in order to: (i) develop and maintain quality operating standards; (ii) increase the demand for the products and services sold by all franchisees operating under the System; and (iii) protect Franchisor's reputation and goodwill.

Franchisee acknowledges that System Standards may regulate any aspect of operating and maintaining the Franchised Business that Franchisor determines, in its Business Judgment, to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System.

Franchisee agrees to, at all times, operate and maintain the Franchised Business according to the Confidential Operations Manual and all of Franchisor's System Standards, as Franchisor periodically modifies and supplements them, even if Franchisee believes that a System Standard, as originally issued or subsequently modified, is not in the System's, or in Franchisee's, best interests. Franchisee shall refrain from: (a) deviating from the System Standards without Franchisor's prior written consent; and (b) otherwise operating in any manner which reflects adversely on the Marks or the System.

Franchisee agrees that the System Standards Franchisor prescribes in the Confidential Operations Manual, or otherwise communicates to Franchisee in writing or another tangible form (for example, via an extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

7B. *MODIFICATION TO SYSTEM STANDARDS.*

Franchisee acknowledges and agrees that Franchisor may, from time to time in its Business Judgment, modify the Confidential Operations Manual and System Standards to implement System changes and that such modifications may require Franchisee to incur costs and/or invest additional capital. Franchisee shall implement any System changes upon receipt of notice thereof from Franchisor, at Franchisee's expense, and shall complete their implementation within such time as Franchisor may reasonably specify.

7C. *USE OF THE ZOOM ROOM BUSINESS.*

Franchisee shall use and occupy the Dog Training Gym solely for the operation of the Franchised Business, unless otherwise approved in writing by Franchisor, shall refrain from using or permitting the use of the Dog Training Gym for any other purpose or activity, and shall keep the Dog Training Gym open and in normal operation for at least such minimum hours and days as Franchisor may specify in the Confidential Operations Manual or otherwise in writing, and as may be required by the Lease.

7D. *CONDITION AND APPEARANCE OF THE ZOOM ROOM BUSINESS.*

Franchisee shall:

(1) purchase and install, at Franchisee's expense, and shall maintain in sufficient supply and use at all times, only such Operating Assets that conform to System Standards;

(2) place or display at the Dog Training Gym (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that conform to System Standards;

(3) maintain the Dog Training Gym (including adjacent public areas) in a clean and orderly condition; and

(4) perform any required maintenance, repairs, or other tasks, as Franchisor may reasonably direct or require, in order to maintain the highest standards of quality.

7E. *PRODUCTS, SERVICES, DISTRIBUTORS AND SUPPLIERS.*

Franchisee shall: (1) offer for sale through the Franchised Business the services and products that Franchisor specifies and approves; (2) sell approved services and products only in the manner that Franchisor prescribes; and (3) not offer or sell any products or services Franchisor has not approved or has disapproved.

Franchisee shall purchase all products, equipment, supplies, and materials used or sold by the Zoom Room Business ("**Approved Products and Supplies**") solely from suppliers (including manufacturers, wholesalers and distributors) ("**Approved Suppliers**"): (1) who demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's reasonable standards and specifications for such items; (2) who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and (3) who have been approved by Franchisor in the Confidential Operations Manual or otherwise in writing and not thereafter disapproved. If Franchisee desires to make purchases from other than an Approved Supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. Franchisor may revoke its approval at any time if Franchisor determines, in its Business Judgment, that the supplier no longer meets Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease purchasing from any disapproved supplier and selling such supplier's disapproved products or services.

Franchisee shall have the right to offer its goods and services at any prices Franchisee may determine. Any list or schedule of prices that Franchisor may furnish to Franchisee shall be deemed to be a recommendation only, and Franchisee shall have the right, in its Business Judgment, to accept or reject any such recommendation; provided, however, Franchisor reserves the right to require Franchisee to participate in specified regional or national promotions, which may include imposing a minimum floor or a maximum ceiling on the price that Franchisee may charge for specified products or services for so long as such regional or national promotion is being run by the franchise System. Franchisor also reserves the right to require Franchisee to participate in any regional or national account program established by Franchisor, and to offer goods and services to national account customers at pricing negotiated in advance by Franchisor.

Franchisee shall, at Franchisor's request, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by Franchisor to enable customers to purchase the products and/or services offered by the Zoom Room Business. Franchisee shall comply with any compliance program or security standards implemented by the banking industry, payment card industry, credit card companies or other similar regulations related to such system and Franchisee shall bear all expenses associated with such system. Franchisee shall acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

Franchisor may designate itself, or its affiliate, as the approved distributor or Approved Supplier, or may designate a single distributor or supplier, of any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products or services, including any part of the Computer System.

Franchisee must maintain a minimum level of inventory products to meet the customer needs of Franchisee. Franchisor will designate the minimum level of inventory and may modify the minimum level of inventory to be maintained by Franchisee from time to time in the Confidential Operations Manual or otherwise in writing in its Business Judgment. Franchisee's failure or refusal to maintain the required minimum inventory level specified in the Confidential Operations Manual shall be deemed to be a material event of default under this Agreement.

Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices, better quality, or the best advertising support or services. Franchisee acknowledges and agrees that Franchisor or its affiliates may derive revenue based on Franchisee's purchases and leases (including, without limitation, from charging Franchisee for services or products Franchisor or its affiliates provide to Franchisee and from payments made to Franchisor or its affiliates by suppliers that Franchisor designates or approves for some or all of its franchisees).

Franchisee must purchase and maintain, for so long as this Agreement shall be in effect, memberships with the organizations specified in the Confidential Operations Manual at an initial fee and an annual renewal fee at its most current rate.

7F. *COMPLIANCE WITH LAWS, REGULATIONS AND CONTRACTS; OBLIGATION TO NOTIFY FRANCHISOR.*

In addition to its obligation to comply with all laws set forth in Section 7H below, Franchisee shall at all times comply with the terms and conditions of any Lease, vendor or supplier agreement, loan, note or other instrument related to the operation of the Franchised Business. Franchisee shall furnish to Franchisor, within three days after receipt thereof, a copy of any notice alleging Franchisee's default, or failure to pay, on any Lease, vendor or supplier agreement, loan, note, or other instrument related to the operation of the Franchised Business or any notices alleging Franchisee's failure to comply with any law, ordinance, or regulation. Franchisee also shall notify Franchisor in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business. Franchisee acknowledges and agrees that Franchisee's failure or refusal to comply with the notice requirements set forth in this Agreement will constitute a material default of this Agreement.

7G. *PROMOTIONAL ACTIVITIES.*

Franchisee shall, throughout the Term of this Agreement, actively and continuously engage in local promotional activities designed to enhance the Franchised Business' reputation and goodwill, and to increase Gross Sales. Franchisor shall have the right to specify, in the Confidential Operations Manual or otherwise in writing, a minimum amount of monthly time as well as the types of promotional activities required to satisfy this obligation.

7H. *COMPLIANCE WITH LAWS AND REGULATIONS.*

Franchisee shall be responsible for obtaining all zoning classifications and clearances, permits, licenses, and certifications required for the lawful construction, occupancy, and operation of the Franchised Business, and shall certify in writing to Franchisor that all such items have been obtained.

Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

7I. *COMMUNICATION WITH FRANCHISOR.*

Franchisee shall respond to any communication from Franchisor (via telephone or email) as soon as possible but no later than seven calendar days after receiving such communication from Franchisor. Franchisee shall make reasonable efforts to be available by phone, email or otherwise, as communication with Franchisor is required. Franchisee and, if applicable, each of Franchisee's owners and the Designated Manager shall provide Franchisor with current contact information, including a home address, personal mobile phone number, work phone number, personal e-mail address, and personal facsimile number, and shall provide Franchisor with updated contact information as such information changes.

7J. *MANAGEMENT OF THE ZOOM ROOM BUSINESS.*

Franchisee acknowledges that Franchisor strongly recommends that the Franchised Business should, at all times, have one managing owner who devotes full time and best efforts to the management and operation of the Zoom Room Business, but that this recommendation is not a requirement. However, Franchisor does require that Franchisee designate one natural person to serve as the primary point of contact with Franchisor ("**Managing Owner**"). If Franchisee is one natural person, or is an entity that has one owner, that person will serve as the Managing Owner. If Franchisee is an entity that is owned by two or more natural persons, the Managing Owner shall be one of the natural persons designated by the Franchisee.

The Managing Owner shall: (i) work in a full-time capacity to supervise the day-to-day operations of the Franchised Business and use his or her best efforts to promote and enhance the Franchised Business or actively supervise the authorized Designated Manager hired by Franchisee; (ii) possess the ability to operate the Franchised Business professionally and in compliance with the System and System Standards; (iii) interface with Franchisor as needed and be available to communicate with Franchisor during normal business hours; and (iv) possess the ability and authority to cure any default of this Agreement on behalf of the Franchisee, including the payment of overdue amounts (collectively, the "**Managing Duties**").

At Franchisee's request, Franchisor may in its Business Judgment, authorize Franchisee to employ a natural person to perform the Managing Duties ("**Designated Manager**"). Franchisor's authorization of the Designated Manager relieves the Managing Owner of the obligation to perform the Managing Duties only to the extent that the Designated Manager is able to perform, in Franchisor's sole judgment, the Managing Duties properly.

Each Designated Manager and successor Designated Manager must, at Franchisee's sole expense, attend and complete, to Franchisor's satisfaction, an Initial Training Program within sixty calendar days following Franchisor's authorization of the Designated Manager unless Franchisor authorizes the Managing Owner to train the Designated Manager at the Dog Training Gym. If Franchisor determines, in its Business Judgment, during or following completion of the Initial Training Program, whether such training is conducted by Franchisor or by Managing Owner at the Dog Training Gym, that Franchisee's Designated

Manager (if any) is not qualified to act as Designated Manager, Franchisor shall have the right to disapprove the Designated Manager, in which case all Managing Duties will immediately revert back to the Managing Owner.

If, due to termination, resignation, death, or disability, no one is able to perform the Managing Duties, Franchisee must, within a reasonable time not to exceed fifteen days from the date of termination, resignation, death, or disability, appoint a new Managing Owner. Each new Managing Owner must, at Franchisee's expense, attend and complete the Initial Training Program to Franchisor's satisfaction in the time frame described above.

7K. *INSURANCE.*

During the Term of this Agreement, Franchisee shall, at Franchisee's sole expense, procure and maintain in full force and effect at all times, an insurance policy or policies protecting Franchisee, Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring at or in connection with the construction and/or operation of the Franchised Business. Such policy or policies shall: (i) be written by an insurer, or insurers, acceptable to Franchisor; (ii) name Franchisor and its shareholders, directors, employees, and agents, as additional named insureds with primary non-contributory coverage; (iii) comply with the requirements prescribed by Franchisor at the time such policies are obtained; (iv) provide at least the types and minimum amounts of coverage specified in the Confidential Operations Manual; and (v) contain a waiver by Franchisee and its insurers of their subrogation rights against Franchisor and its affiliates, and their respective shareholders, directors, employees and agents. The insurance company must be authorized to do business in the state where the Dog Training Gym is located and rated "A-VIII" or better by A.M. Best & Company, Inc. Franchisor has the right to periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time by updating the Confidential Operations Manual.

All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional named insured, shall nevertheless be entitled to recover under such policies for any loss occasioned to Franchisor or its shareholders, directors, employees, and agents by reason of Franchisee's negligence.

At least ten days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty days prior to the expiration of any policy, Franchisee shall deliver to Franchisor any and all certificates of insurance evidencing the proper types and minimum amounts of coverage. Each certificate shall expressly provide that no less than thirty days prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificate. Certificates evidencing the insurance required by this Section shall name Franchisor and its affiliates, and their respective shareholders, directors, employees, and agents, as additional insureds, and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which such certificates evidence coverage.

In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with an administrative fee of twenty percent to compensate Franchisor for the time and effort expended to secure such insurance, within five days of the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this

Agreement or exercise any or a combination of the other default remedies set forth in Section 13 of this Agreement.

7L. PRIVACY LAWS

In the operation of the Zoom Room Business, Franchisee will receive "Customer Data." "Customer Data" is information, records, lists or data that contains "Personal Information." "Personal Information" includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the Zoom Room Business, including through the use of a point of sale system.

Franchisee agrees, at its sole cost and expense, to at all times:

(1) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future;

(2) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, "Privacy Laws");

(3) assist and otherwise cooperate with Franchisor to ensure Franchisor's and Franchisee's compliance with applicable Privacy Laws;

(4) promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee's noncompliance with applicable Privacy Laws, this Agreement or the Operations Manual. For purposes of this Section 7L, "Security Incident" means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual.

(5) promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee's possession or control;

(6) promptly notify Franchisor of any request regarding Customer Data received by the Franchisee from a "consumer" as defined by applicable Privacy Laws;

(7) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request;

(8) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system

controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operations Manual; and

(9) maintain Customer Data in confidence in accordance with Section 6 of this Franchise Agreement.

8. MARKETING.

8A. *NATIONAL ADVERTISING FUND.*

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

(1) Franchisee shall contribute, each week in the same manner and time as the Royalty, unless otherwise specified by Franchisor, one percent (1%) of its Gross Sales to the system-wide fund described in Section 8A(4) hereof (the "**National Advertising Fund**").

(2) Each Dog Training Gym owned by Franchisor or an affiliate of Franchisor shall contribute each week, unless otherwise specified by Franchisor, one percent (1%) of its Gross Sales to the National Advertising Fund.

(3) Franchisor shall have the right to maintain, administer, modify and dissolve or discontinue the National Advertising Fund, in its Business Judgment. The following provisions shall apply to the National Advertising Fund:

(a) The National Advertising Fund, all contributions to the National Advertising Fund, and any earnings on the National Advertising Fund, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, preparing and developing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will benefit the System, including, among other things, the costs of preparing and conducting advertising campaigns in various media; preparation of direct mail advertising; market research; employing advertising and/or public relations agencies; purchasing promotional items; conducting and administering in-store promotions; providing promotional and other marketing materials and services to the businesses operating under the System; point-of-purchase materials; and supporting authorized marketing cooperatives formed by franchisees located in the same market area. Franchisor may use the National Advertising Fund for local, regional or national marketing, advertising, sales promotions and promotional materials, public and consumer relations, website development, website maintenance, and search engine optimization, the development of technology for the System and any other purpose to promote the ZOOM ROOM brand. Franchisor may use any media for dissemination of National Advertising Fund advertisements.

(b) The National Advertising Fund is not a trust fund, and Franchisor does not have any fiduciary duty to Franchisee with regard to the National Advertising Fund's administration, activities, or expenditures. Franchisor has the absolute right to determine how the National Advertising Fund will be implemented and funds spent. Franchisor will direct all advertising and promotional programs, with Business Judgment over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. Franchisor may reimburse itself and its agents for administrative costs,

independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct and indirect expenses associated with the programs funded by the National Advertising Fund. Franchisee agrees and acknowledges that among the National Advertising Fund's objectives is to maximize general public recognition and acceptance of the Marks for the benefit of the System; and that Franchisor is not obligated, in administering the National Advertising Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the advertising or promotion conducted under the National Advertising Fund. Franchisor is not obligated to spend any amounts on advertising in the geographical area where the Dog Training Gym is located;

(c) Franchisee shall make all payments consistent with Section 3K above. All sums paid to the National Advertising Fund will be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any expenses of Franchisor, except for such reasonable costs and overhead, if any, as may be incurred in activities reasonably related to the administration or direction of the advertising programs and the National Advertising Fund, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The National Advertising Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the National Advertising Fund; and

(d) A statement of the operations of the National Advertising Fund as shown on the books of the National Advertising Fund shall, upon request, be prepared annually by Franchisor and furnished to each franchisee.

8B. *LOCAL ADVERTISING.*

In addition to Franchisee's contributions to the National Advertising Fund, Franchisee agrees to continuously promote the Franchised Business. Franchisee must spend at least 2% of the previous month's Gross Sales, with a minimum required monthly spend of $1,000 regardless of the previous month's Gross Sales ("**Local Advertisement Requirement**"), through the end of the Term on local promotion of the Franchised Business. The Local Advertising Requirement is a monthly obligation and Franchisee acknowledges that Franchisee's failure to satisfy the Local Advertising Requirement in any given month will be considered a material default of this Agreement, and to cure such default Franchisee will be required to pay the difference between what Franchisee actually spent on local promotion of the Franchised Business and the Local Advertisement Requirement during the period of default to the National Advertising Fund. Franchisee acknowledges and agrees that Franchisee may not aggregate its local advertising spending over multiple months to reach the Local Advertising Requirement.

Franchisee may submit a request in writing to Franchisor to reduce Franchisee's Local Advertisement Requirement if the Franchised Business (i) is open and operating for the maximum operating hours permitted seven days per week, (ii) is fully staffed, (iii) offers a full schedule of classes, and (iv) is at or near maximum capacity (collectively, the "**Capacity Requirements**"). If Franchisor is satisfied that the Capacity Requirements are met, Franchisor may, but shall have no obligation to, approve such request. If such request is approved by Franchisor in writing, Franchisee's Local Advertisement Requirement shall be reduced to $1,000 per month only for as long as the Capacity Requirements are met. Franchisor reserves the right to require Franchisee to submit documentation verifying that the Capacity Requirements are met on a monthly basis, or on such other basis as Franchisor deems acceptable, and may rescind approval of Franchisee's reduced Local Advertisement Requirement at any time for any reason or no reason.

If Franchisee owns multiple Franchised Businesses in a contiguous area, Franchisor has the right, but is not obligated, in its Business Judgment to reduce Franchisee's Local Advertisement Requirement.

The Local Advertisement Requirement must be used to advertise and promote the Franchised Business. All local advertising and promotion by Franchisee, including any Website that Franchisee is permitted by Franchisor to establish on the Internet, shall be conducted in a dignified manner, conform to System Standards as Franchisor shall establish in the Confidential Operations Manual or otherwise in writing, and not be used without Franchisor's prior approval, which Franchisor has the right to grant or deny for any reason or no reason.

Franchisee must submit to Franchisor's designated department samples of all advertising and promotional plans and materials prior to their use, and may commence use of such plans or materials seven days after Franchisor's receipt unless, prior to that time, Franchisor furnishes written notice to Franchisee prohibiting such use. Franchisor also shall have the right at any time after Franchisee commences use of such material to prohibit further use, effective immediately upon receipt of written notice by Franchisee.

If Franchisee violates the provisions of this Section, in addition to all other remedies available to Franchisor, Franchisee shall pay a $500 unauthorized advertising fee per occurrence to the National Advertising Fund to offset the brand damage caused by Franchisee's breach.

8C. *COOPERATIVES.*

Franchisor reserves the right to require that two or more franchisees of Zoom Room Businesses that are, in Franchisor's Business Judgment, in a shared marketing area, form a cooperative advertising association among themselves ("**Cooperative**"), with Franchisor's advice and assistance, for the purpose of jointly advertising and promoting their Franchised Businesses. Members of the Cooperative will prepare governing documents, and Franchisor will approve the governing documents for the Cooperative.

If, in connection with a Cooperative's formation or functioning, its members are unable to reach agreement with respect to any disagreement over organization, administration, "spill" policy, contribution waivers or exceptions, budget or other matters that the members cannot resolve within 45 days, the issue will be referred to Franchisor for resolution. Franchisor's decision with respect to the issue's resolution will be binding on all members of the Cooperative. Local and regional advertising cooperative fees will be established by members of the Cooperative.

Franchisee agrees: (i) to join, participate in, and actively support any Cooperative established at Franchisor's direction, and (ii) to make contributions to each Cooperative on the payment schedule adopted by the Cooperative's members and at the contribution rate Franchisor approves.

Franchisor has the sole right, in its discretion, to form, change, dissolve or merge any Cooperative. If Franchisor establishes a Cooperative for Franchisee's area, Franchisee must contribute to the Cooperative the amounts required by its governing documents. Franchisee's contributions to the Cooperative, if any, will be credited against the Local Advertisement Requirement. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative. The Cooperative will be operated solely as a conduit for collecting and spending Cooperative fees for the purposes outlined above. The Cooperative may not use any advertising or promotional plans or materials without Franchisor's prior approval.

The amount of contribution to the Cooperative will be determined by the members of the Cooperative, subject to Franchisor's approval. Members of each Cooperative shall prepare an annual financial statement reporting the Cooperative's expenditures for the previous year.

8D. *START-UP ADVERTISING PROGRAM.*

Franchisee agrees to spend between $2,000 and $4,000 on a grand opening advertising and promotional program for the Franchised Business, and use any particular media and advertising agencies Franchisor may designate in connection with such program before the Dog Training Gym is open. Franchisor agrees to furnish Franchisee with such advice and guidance as Franchisor deems appropriate with respect to Franchisee's grand opening advertising and promotional program.

8E. *ZOOM ROOM WEBSITE.*

Franchisor has established a website to advertise, market, and promote Zoom Room Businesses and the services and products that Zoom Room Businesses offer ("**Zoom Room Website**"). Franchisor will reference the Franchised Business in the manner that Franchisor determines from time to time. Franchisee must give Franchisor information Franchisor periodically requests concerning the Franchised Business to include on the Zoom Room Website. By providing the information to Franchisor, Franchisee will be representing to Franchisor that it is accurate and not misleading and does not infringe any third party's rights. Franchisor will own all intellectual property and other rights in the Zoom Room Website, all information contained on it and all information generated from it (including the domain name or URL, the log of "hits" by visitors, and any personal or business data that visitors supply).

For as long as Franchisor maintains the Zoom Room Website, Franchisor shall have the right to use the National Advertising Fund's assets to develop, maintain and update the Zoom Room Website. Franchisor may periodically update and modify the Zoom Room Website. Franchisee acknowledges that Franchisor has final approval rights over all information on the Zoom Room Website. Franchisor may implement and periodically modify System Standards relating to the Zoom Room Website.

Nothing in this Section shall limit Franchisor's right to maintain websites other than the Zoom Room Website.

8F. *FRANCHISEE'S OBLIGATIONS WITH RESPECT TO THE INTERNET, WEBSITES AND EMAIL.*

Except as required by, and performed consistent with, the Confidential Operations Manual, Franchisee shall not establish or use any electronic document, directory, design, page, webpage, post, blog, or other communication on the Internet, the World Wide Web, or on social media platforms such as, but not limited to, Instagram, Facebook, Pinterest, SnapChat, TicTok, Twitter, LinkedIn, and YouTube, which relates in any manner to the Franchised Business (each a "**Social Media Site**"), without Franchisor's prior written approval. Any Website must comply with standards specified in the Confidential Operations Manual or otherwise in writing.

Franchisee agrees and acknowledges that Franchisor may review and monitor all content on any Social Media Site to ensure that Franchisee is complying with System Standards and this Agreement. Franchisee agrees to abandon, remove, delete, or modify a Social Media Site upon Franchisor's written notice to Franchisee. Franchisee will provide Franchisor with the log-in information including passwords for any Social Media Site and agrees that Franchisor has the right to abandon, remove, delete or modify a Social Media Site in Franchisor's discretion. Franchisee further agrees and acknowledges that Franchisor may prohibit use of the Marks on any Social Media Site and may prohibit Franchisee from engaging in social media related to the Franchised Business.

Franchisor reserves the right to require Franchisee to use only a website that is owned and controlled by Franchisor and Franchisor reserves the right to require that Franchisee use only a website that is part of the "zoomroom.com" Internet domain name or other designated domain name.

9. REPORTS.

9A. *FINANCIAL STATEMENTS*

Franchisee must provide to Franchisor at Franchisee's expense in a form acceptable to Franchisor, timely financial statements as specified in the Confidential Operations Manual.

(1) Franchisee agrees to comply with all reporting requirements Franchisor prescribes in the Confidential Operations Manual.

(2) In order for Franchisor to provide the most timely and useful information to the Franchised Business, it is essential that Franchisee collects certain information as soon as possible after the applicable accounting period closes. Franchisee agrees to submit, based on the frequency Franchisor designates, completed relevant worksheets; payroll expenses; bank statements; manual check stubs with invoice copies; and any other documents required in the Confidential Operations Manual to properly record all transactions affecting the Franchised Business' financial activity.

(3) If Franchisee fails to submit items related to the Franchised Business when required, Franchisor shall have the right to terminate the Agreement as provided in Section 13B.

9B. *OTHER REPORTS*

Franchisee agrees to give Franchisor in the manner and format that Franchisor prescribes from time to time:

(1) by the last day of each month, all profit and loss and source and use of funds statements and a balance sheet for the Franchised Business as of the end of the prior calendar month;

(2) by April 15th of each year a copy of the tax return for the Zoom Room Business for the previous calendar year; unless Franchisee has filed for an extension with the Internal Revenue Service, in which case such tax return is due to Franchisor no later than October 15th of such year; and

(3) any other data, information, and supporting records reasonably requested by Franchisor from time to time (including, without limitation, daily and weekly reports of product sales by category).

9C. *CERTIFICATION AND FRANCHISOR'S USE OF REPORTS*

An officer of Franchisee must certify and sign each report and financial statement in the manner Franchisor prescribes. Franchisor may disclose or use the data derived from these reports, Franchisee's year-end reports, and any other financial statements from the operation of the Franchised Business, for any purpose Franchisor deems appropriate. Franchisee acknowledges and agrees that, if Franchisor chooses to utilize the Franchised Business' financial statements for disclosure in the Franchise Disclosure Document, Franchisor may be required to disclose identifying information about the Franchised Business in such disclosure, and Franchisee hereby grants permission to Franchisor to disclose such identifying information.

9D. *RECORD MAINTENANCE*

Subject to applicable law, Franchisee agrees to preserve and maintain all records in a secure location at the Dog Training Gym for at least three years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash revenue and disbursement journals, and general ledgers). If there is a discrepancy in any financial statement or information that Franchisee presents to Franchisor, Franchisor may require Franchisee to have audited financial statements prepared annually during the Term of this Agreement at Franchisee's expense.

10. INSPECTIONS AND AUDITS.

10A. *FRANCHISOR'S RIGHT TO INSPECT THE ZOOM ROOM BUSINESS.*

To determine whether Franchisee is complying with this Agreement and all System Standards, Franchisor and its designated agents or representatives may at all times and without prior notice to Franchisee:

(1) enter the Dog Training Gym in order to inspect the Franchised Business;

(2) photograph the Dog Training Gym and observe and videotape operation for consecutive or intermittent periods;

(3) remove samples of any products and supplies in reasonable quantities as to not disrupt the Franchised Business (Franchisor shall reimburse Franchisee for such products and supplies);

(4) interview the Franchised Business' personnel and customers;

(5) inspect and copy any books, records, and documents relating to the Franchised Business' operation; and

(6) send mystery shoppers to the Dog Training Gym.

If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the Dog Training Gym's operation and Franchisee shall fully cooperate with Franchisor. Upon written notice from Franchisor or its agents and without limiting Franchisor's other rights hereunder, Franchisee shall promptly correct any deficiencies discovered during any such inspection. If Franchisee does not initiate action to correct such deficiencies within the time frame indicated by Franchisor (between approximately seven to 30 days), Franchisor has the right, in addition to all other remedies, to enter the Dog Training Gym and perform any required work on Franchisee's behalf and Franchisee agrees to reimburse Franchisor on demand for any expenses Franchisor incurs in connection with such work. Franchisor will share the results of any customer-oriented mystery shopper with Franchisee and Franchisee will not be charged for any mystery shopper service unless such service is provided at Franchisee's request.

10B. *FRANCHISOR'S RIGHT TO AUDIT.*

Franchisor and/or its designated agents have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts, and business tax returns of Franchisee. Franchisor also has the right, at any time, to have an independent audit made of the books and records of Franchisee or to require Franchisee to participate in a mail-in audit or any other form of audit in accordance with the Confidential Operations Manual. Franchisee agrees to cooperate fully with Franchisor's representatives

and independent accountants in any examination. If an inspection or audit reveals that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent per month, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent or more, Franchisee will, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection and/or audit (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have as a result of such underreporting.

11. TRANSFERS.

11A. *TRANSFER BY FRANCHISOR.*

Franchisee acknowledges that Franchisor maintains a staff to manage and operate the System and that staff members can change. Franchisee acknowledges that Franchisee did not sign this Agreement in reliance on the continued participation by or employment of any of Franchisor's shareholders, directors, officers, or employees. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or Entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Franchisee acknowledges and agrees that Franchisor may sell its assets, any or all of the Marks, or the System; may sell its securities in a public offering or in a private placement; may permit and participate in any transfer or distribution of its securities in connection with a spin-off; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a financing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring.

11B. *TRANSFER BY FRANCHISEE.*

Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee and Franchisee's owners and that Franchisor has entered into this Agreement with Franchisee in reliance upon Franchisor's perceptions of Franchisee's and Franchisee's owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without Franchisor's prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business' profits or losses or capital appreciation related to the Franchised Business); (iii) substantially all of the assets of the Franchised Business; (iv) any ownership interest in Franchisee (regardless of its size); or (v) any ownership interest in any of Franchisee's owners (if such owners are legal entities).

In this Agreement, the term "**Transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes, but is not limited to, the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in Franchisee, this Agreement, the Franchised Business or substantially all of its assets, or in Franchisee's owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if one of Franchisee's owners or an owner of one of Franchisee's owners dies, a transfer of an interest in Franchisee or Franchisee's owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) foreclosure upon the Franchised Business, or Franchisee's transfer, surrender, or loss of the Franchised Business' possession, control, or management.

Additionally, Franchisee may not pledge this Agreement (to someone other than Franchisor), or an ownership interest in Franchisee or Franchisee's owners as security for any loan or other financing, unless: (1) Franchisor grants Franchisor's prior written consent (unless Franchisor agrees otherwise in writing), and (2) the lender agrees that its claims will be subordinate to all amounts Franchisee owes at any time to Franchisor or Franchisor's affiliates.

Any purported assignment or Transfer, by operation of law or otherwise, without the advanced written consent of Franchisor is null and void and shall constitute a material breach of this Agreement.

11C. *CONDITIONS FOR APPROVAL OF TRANSFER BY FRANCHISEE.*

If Franchisee and Franchisee's owners are in full compliance with each and every provision of this Agreement, then, subject to the other provisions of this Section 11, Franchisor will approve a Transfer that meets all of the requirements of this Section 11. A non-controlling ownership interest in Franchisee or Franchisee's owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and meet Franchisor's then applicable standards. Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee. If the proposed transfer is of this Agreement or a controlling ownership interest in Franchisee or one of Franchisee's owners, or is one of a series of Transfers (regardless of the time period over which these Transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in Franchisee or one of Franchisee's owners, then, unless Franchisor indicates otherwise in writing, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) the transferee demonstrates, to Franchisor's satisfaction, that it possesses sufficient business experience, aptitude, financial resources, and other means to operate the Franchised Business properly;

(2) the transferee attends an in-person interview at a location that Franchisor designates, which may be, without limitation, Franchisor's corporate headquarters;

(3) Franchisee has paid all Royalty and contributions to the National Advertising Fund and advertising cooperative contributions, and other amounts owed to Franchisor, Franchisor's affiliates, and third-party vendors;

(4) Franchisee has submitted all required reports and statements pursuant to Section 9 of this Agreement;

(5) Franchisee has not violated any provision of this Agreement, the Lease, or any other agreement with Franchisor during both the sixty-day period before Franchisee requested Franchisor's consent to the transfer and the period between Franchisee's request and the effective date of the transfer;

(6) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business (defined in Section 15A below);

(7) the transferee (the Managing Owner, or, if applicable, Designated Manager) satisfactorily completes Franchisor's Initial Training Program;

(8) Franchisee's lessor allows Franchisee to transfer the Lease or sublease the Dog Training Gym to the transferee;

(9) the transferee agrees to, within sixty days after the effective date of the transfer, upgrade, remodel, and refurbish the Dog Training Gym in accordance with Franchisor's requirements and specifications. Pursuant to this requirement, the transferee must, prior to the effective date of the Transfer, have an approved plan for any required remodel and either: (i) purchase substantially all of the assets required to complete the remodel; or (ii) deposit, in escrow, the estimated cost, in Franchisor's Business Judgment, to complete the upgrade and/or remodel. The transferee will be liable for any costs in excess of the estimated amount necessary to complete the remodel;

(10) the transferee shall (if the transfer is of this Agreement), or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or one of Franchisee's owners), sign Franchisor's then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(11) the transferee and all of its owners and Designated Managers shall sign Franchisor's then-current Owners Agreement, guaranty, and confidentiality and non-competition agreement as required by Franchisor;

(12) the transferee shall pay to Franchisor the then-current Initial Franchise Fee, which is due and payable upon transferee's execution of Franchisor's then-current form of franchise agreement;

(13) Franchisee and Franchisee's transferring owners sign a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's shareholders, officers, directors, employees, and agents;

(14) Franchisor has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

(15) if Franchisee and/or any of Franchisee's owners finance any part of the purchase price, Franchisee and/or Franchisee's owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalty and amounts to the National Advertising Fund and other amounts due to Franchisor, Franchisor's affiliates, and third party vendors and otherwise to comply with this Agreement;

(16) if the Transfer leaves Franchisee or any of Franchisee's owners with, in Franchisor's sole judgment, significant rights in the Franchised Business such as, but not limited to, the right to take possession of the Franchised Business in the event that the transferee defaults on a promissory note, then, in this event, Franchisee and Franchisee's owners shall also execute a guaranty undertaking personally to be bound, jointly and severally, by all provisions of the new franchise agreement between the transferee and Franchisor;

(17) Franchisee (and its spouse and other immediate family members, if applicable) and Franchisee's transferring owners (and their spouses and other immediate family members, if applicable) will not, for two (2) years beginning on the Transfer's effective date, engage in any of the activities proscribed in Section 15B below; and

(18) Franchisee and Franchisee's transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Zoom Room Businesses Franchisee owns and operates) identify itself or themselves or any business as a current or former Zoom Room franchisee or as a Franchised Business owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Zoom Room Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with Franchisor.

Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and/or Franchisor to evaluate the Franchised Business and the proposed transfer. Franchisor may review all information regarding the Franchised Business that Franchisee gives to the transferee, confer with transferee, correct any information that Franchisor believes is inaccurate, and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business and Franchisor may do so without any liability, except for intentional misstatements made to a transferee.

11D. *FRANCHISOR'S ASSISTANCE WITH TRANSFER BY FRANCHISEE*

If Franchisee requests Franchisor's assistance with a sale of the Zoom Room Business, Franchisor has the right to (1) list the Zoom Room Business with a third-party broker network, (2) utilize Franchisor's internal development team, or (3) utilize other third-party resources in order to generate prospective purchasers. If Franchisor does so, at the time of closing the sale of the Zoom Room Business to the purchaser, Franchisee agrees that it will pay one hundred percent (100%) of any and all sales commissions owed to the third-party broker network, Franchisor's internal development team, and/or other third-party resource utilized by Franchisor, as applicable, out of the proceeds of the sale. Sales commissions must be paid within five business days of the closing of the sale. Franchisee acknowledges that the purchaser will also be required to pay the full Initial Franchise Fee to Franchisor prior to completing the sale.

11E. *TRANSFER TO A WHOLLY-OWNED ENTITY.*

Notwithstanding Section 11C above, if Franchisee is in full compliance with this Agreement, Franchisee may Transfer this Agreement to an entity which conducts no business other than the Franchised Business and, if applicable, other Zoom Room Businesses, in which Franchisee maintains management control, and of which Franchisee owns and controls 100% of the equity and voting power of all issued and outstanding ownership interests, provided that all of the Franchised Business assets are owned, and the Franchised Business is conducted, only by that single Entity. Franchisee must notify Franchisor at least thirty (30) days prior to any such transfer. The Entity must expressly assume all of Franchisee's obligations under this Agreement. Transfers of ownership interests in the Entity are subject to Section 11C above.

Franchisee agrees to execute a transfer agreement and remain personally liable under this Agreement, and execute the Owners Agreement in **Attachment B**.

11F. *FRANCHISEE'S DEATH OR DISABILITY.*

(1) Transfer Upon Death or Disability. Upon the death or disability of Franchisee (if an individual) or of any person with a controlling interest in Franchisee or this Agreement, the executor or administrator of the estate of such person, or the personal representative of such person, shall transfer, within ninety (90) days after such death or mental incapacity, such interest to a third party approved by Franchisor. That transfer is subject to all of the terms and conditions in this Section 11. A failure to transfer Franchisee's interest in Franchisee or this Agreement, or the deceased or disabled owner's interest in Franchisee, within this time period is a material breach of this Agreement. The term "**disability**" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent Franchisee, or a person with a controlling interest in Franchisee, from supervising the management and operation of the Franchised Business.

(2) Operation Upon Death or Disability or Default. If, upon the death or disability of the Managing Owner, a manager approved by Franchisor is not managing the Franchised Business, Franchisee or such person's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed ninety days from the date of death or disability, appoint a new Managing Owner acceptable to Franchisor. If, in Franchisor's sole judgment, the Franchised Business is not being managed properly any time after the Managing Owner's death or disability, or at any time that Franchisee is in default of the Agreement, Franchisor may, but need not, assume the management of the Franchised Business (or appoint a third party to assume its management). All funds from the operation of the Franchised Business while it is under Franchisor's (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. Franchisor may charge Franchisee (in addition to the Royalty and National Advertising Fund contributions, advertising cooperative contributions and other amounts due under this Agreement) an amount equal to $300 per day that the Franchised Business is managed by Franchisor or a third party, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes the management of the Franchised Business under this subparagraph. Franchisor (or a third party) has a duty to utilize only reasonable efforts and will not be liable to Franchisee or Franchisee's owners for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's creditors for any products, other assets, or services the Franchised Business purchases, while Franchisor (or a third party) manages it.

11G. *EFFECT OF CONSENT TO TRANSFER.*

Franchisee acknowledges and agrees that Franchisor's consent to a Transfer of this Agreement and the Franchised Business, or any interest in Franchisee or Franchisee's owners, is not a representation of the fairness of the terms of any contract between Franchisee and the transferee, a guarantee of the Franchised Business or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or Franchisee's owners) or of Franchisor's right to demand the transferee's full compliance with this Agreement.

11H. *FRANCHISOR'S RIGHT OF FIRST REFUSAL.*

If Franchisee or any of Franchisee's owners at any time determine to sell or Transfer for consideration an interest in this Agreement and the Franchised Business, or an ownership interest in

Franchisee (except to or among Franchisee's current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Sections 11B and 11C above, Franchisee and/or Franchisee's owners agree to obtain from a responsible and fully disclosed buyer, and send to Franchisor a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent or more of the offering price.

The right of first refusal process will not be triggered by a proposed Transfer that would not be allowed under Sections 11B and 11C above. Franchisor may require Franchisee or Franchisee's owners to send Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Franchisor may, by written notice delivered to Franchisee or Franchisee's selling owner(s) within thirty days after Franchisor receives both an exact copy of the offer and all other information Franchisor requests concerning the offer and the proposed purchaser, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

(1) Franchisor may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(2) Franchisor's credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, Franchisor or Franchisor's designee may provide promissory notes with the same terms as those offered by the proposed buyer);

(3) Franchisor will have an additional thirty days to prepare for closing after notifying Franchisee of Franchisor's election to purchase; and

(4) Franchisor must receive, and Franchisee and Franchisee's owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in an entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the Entity whose assets or ownership interests are being purchased.

Franchisor has the unrestricted right to sell, transfer or otherwise assign this right of first refusal to a third party, who then will have the rights described in this Section.

If Franchisor does not exercise Franchisor's right of first refusal, Franchisee or Franchisee's owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approves the transfer in accordance with Sections 11B and 11C above, and Franchisee and Franchisee's owners and the transferee comply with the conditions in Sections 11B and 11C above.

If Franchisee does not complete the sale to the proposed buyer within sixty days after Franchisor notifies Franchisee that Franchisor does not intend to exercise Franchisor's right of first refusal, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or Franchisor's designee will have an additional right of first refusal during the thirty day period

following either the expiration of the sixty day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's or Franchisor's designee's option.

11I. *RIGHT OF FIRST REFUSAL IN BANKRUPTCY.*

If, for any reason, this Agreement is not terminated pursuant to Section 13B and an assumption or assignment of this Agreement to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: (a) the name and address of the proposed assignee; and (b) all of the terms and conditions of the proposed assignment and assumption shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date that the application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. Franchisor shall have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any sales commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement.

12. EXPIRATION OF THIS AGREEMENT.

12A. *INTERIM PERIOD.*

If Franchisee does not sign a Successor Franchise Agreement (defined in Section 12B(6) below) prior to, or upon, the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as: (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

12B. *GRANT OF A SUCCESSOR FRANCHISE.*

Upon expiration of this Agreement, Franchisee will have the option to acquire the right to operate the Franchised Business ("**Successor Franchise**") for one additional term ("**Successor Term**") equal to the term being offered to new franchisees at the time Franchisee advises Franchisor that it is electing to acquire a Successor Term, subject to the following terms and conditions:

(1) Franchisee gives Franchisor written notice of Franchisee's election to acquire the Successor Term no fewer than six months, and no more than twelve months, prior to the expiration of this Agreement;

(2) Franchisee and each of Franchisee's owners have substantially complied with this Agreement during its term, which includes satisfying all monetary obligations owed by Franchisee to Franchisor, Franchisor's affiliates or Franchisee's suppliers or creditors, whether pursuant to this Agreement or otherwise;

(3) Franchisee and each of Franchisee's owners are, both on the date Franchisee gives Franchisor written notice of Franchisee's election to acquire a successor franchise and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;

(4) Franchisee maintains possession of and agrees to remodel and/or expand the Franchised Business, add or replace improvements and operating assets, and otherwise modify the Franchised Business as Franchisor requires in order to comply with System Standards then applicable for new Zoom Room Businesses;

(5) Franchisee is current with respect to its obligations to its lessor, suppliers, and any others with whom it does business;

(6) Franchisee and its owners and managers as relevant execute the then-current form of franchise agreement ("**Successor Franchise Agreement**") and all other agreements, legal instruments and documents then customarily used by Franchisor in the renewal of Franchisor's franchises. The Successor Franchise Agreement and these other agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by Franchisor, including the payment of higher fees;

(7) Franchisee pays to Franchisor a successor franchise fee in the amount of $10,000, which is due and payable upon the execution of the Successor Franchise Agreement;

(8) Franchisee executes a general release, in a form prescribed by Franchisor, of any and all claims which Franchisee may have against Franchisor and its shareholders, directors, employees, and agents in their corporate and individual capacities. Franchisor will consider Franchisee's or Franchisee's owner's failure to sign the release and to deliver it to Franchisor for acceptance and execution within thirty days after their delivery to Franchisee to be an election not to acquire a Successor Term; and

(9) Franchisor has the right to refuse to renew the license granted under this Agreement if Franchisor has given Franchisee written notice three or more times for failure to comply with the terms of this Agreement, whether or not such failure is subsequently cured.

If Franchisor elects not to grant Franchisee a Successor Franchise, Franchisor's notice will describe the reasons for Franchisor's decision. If Franchisor elects to grant Franchisee a Successor Franchise, Franchisee's right to acquire a Successor Franchise is subject to Franchisee's full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to Franchisee's compliance with the obligations of this Section 12B.

13. DEFAULT AND TERMINATION OF AGREEMENT.

13A. *TERMINATION BY FRANCHISEE.*

Franchisee acknowledges and agrees that Franchisee has no right to unilaterally terminate this Agreement for any reason. Franchisee's termination or purported or threatened termination of this Agreement will be deemed a termination without cause and a breach of this Agreement.

13B. *AUTOMATIC TERMINATION.*

Franchisee shall be deemed to be in default hereunder, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or, if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; or, if Franchisee is adjudicated as bankrupt or insolvent; or, if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or, if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or, if Franchisee is dissolved; or, if execution is levied against Franchisee's business or property; or, if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

13C. *TERMINATION BY FRANCHISOR.*

Upon the occurrence of any of the following events, Franchisee shall be deemed to be in default and Franchisor has the right, at its option, to terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon delivery of written notice of termination to Franchisee:

(1) Franchisee fails to commence operations of the Dog Training Gym within three hundred days after the Effective Date, unless extended in writing in Franchisor's Business Judgment;

(2) Franchisee or any of Franchisee's owners have made or make any material misrepresentation or omission in acquiring the Zoom Room Business or operating the Franchised Business, or engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(3) Franchisee's Managing Owner, or, if applicable, Designated Manager and/or other required attendees do not satisfactorily complete the Initial Training Program, Initial Onsite Training, or Additional Training as required;

(4) Franchisee fails to appoint a Managing Owner or Designated Manager as required under this Agreement;

(5) Franchisee abandons or fails to actively operate the Dog Training Gym for three or more days or such shorter period indicating Franchisee's intent to abandon the Dog Training Gym, unless Franchisee closes the Zoom Room Business for a purpose Franchisor approves in writing or pursuant to the terms of this Agreement;

(6) Franchisee or Franchisee's owners make or attempt to make any transfer in violation of Section 11;

(7) An approved Transfer is not affected following death or disability as required by Section 11E of this Agreement;

(8) Franchisee or any of Franchisee's owners, officers, directors or Designated Managers is convicted of a felony, a crime or offense involving moral turpitude, or engages in

conduct that, in Franchisor's reasonable judgment, is morally offensive to community standards and is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interest therein;

(9) Franchisee fails to comply with Section 6 of this Agreement;

(10) Franchisee fails to maintain the insurance Franchisor requires and does not correct the failure within ten days after Franchisor delivers written notice of that failure to Franchisee;

(11) Franchisee or Franchisee's owners knowingly maintain false books or records or knowingly submit any false reports to Franchisor;

(12) Franchisee or any of Franchisee's owners engage in any dishonest or unethical conduct which, in Franchisor's opinion, adversely affects the Franchised Business' reputation or the goodwill associated with the Marks;

(13) Without Franchisor's written approval, the Lease for the Dog Training Gym expires without being renewed, is terminated for any reason, or fails to remain under the control of Franchisee;

(14) Franchisee violates any health, safety, or sanitation law, ordinance, or regulation, or operates the Franchised Business in an unsafe manner, and does not begin to cure the violation immediately and correct the violation within twenty-four hours after Franchisee receives notice from Franchisor or any other party;

(15) Franchisee violates any other applicable law, regulation, ordinance or consent decree, or fails to maintain any bond, license or permit, and does not cure such violation or failure within forty-eight hours after Franchisor or any applicable government agency delivers notice to Franchisee of that violation or failure;

(16) Franchisee fails to pay Franchisor or Franchisor's affiliates any amounts due and does not correct the failure within ten days after Franchisor delivers written notice of that failure to Franchisee;

(17) Franchisee fails to pay when due any federal or state income, service, sales, or other taxes due on the Franchised Business' operation, unless Franchisee is in good faith contesting Franchisee's liability for these taxes;

(18) Franchisee understates the Franchised Business' monthly Gross Sales on any report required by Franchisor three times or more during this Agreement's Term or by more than five percent on any one occasion;

(19) Franchisee or any of Franchisee's owners: (a) fail on three or more separate occasions within any twelve consecutive month period to comply with this Agreement, whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee; or (b) fails on two or more separate occasions within any twelve consecutive month period to comply with the same obligation under this Agreement, whether or not Franchisor notifies Franchisee of the failures, and, if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee;

(20) Franchisee or any of Franchisee's owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of Franchisee's owners otherwise violate any such law, ordinance, or regulation;

(21) Franchisee fails to satisfy the Local Advertising Requirement or maintain minimum inventory levels more than three times during any twelve month period;

(22) Franchisee has three or more insufficient funds or returned checks in any one calendar year;

(23) Franchisee establishes or uses a Social Media Site, as defined in Section 8F, without Franchisor's prior written consent;

(24) The Managing Owner or, if applicable, Designated Manager fails to perform the Managing Duties;

(25) Franchisee or any of Franchisee's owners fail to comply with any other provision of this Agreement or any System Standard and does not correct the failure within ten days after Franchisor delivers written notice of the failure to Franchisee; or

(26) Franchisor terminates any other franchise agreement issued to Franchisee or any of Franchisee's affiliates for any reason.

13D. *INTENTIONALLY DELETED.*

Intentionally deleted.

13E. *ASSUMPTION OF MANAGEMENT.*

Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Dog Training Gym and assume the Franchised Business' management (or to appoint a third party to assume its management) for any period of time Franchisor deems appropriate. If Franchisor (or a third party) assumes the Franchised Business' management, Franchisee agrees to pay Franchisor (in addition to the Royalty and National Advertising Fund contributions and other amounts due to Franchisor or Franchisor's affiliates) an amount equal to $300 per day that Franchisor or a third party manages the Franchised Business, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, for up to sixty days after Franchisor assumes management.

If Franchisor (or a third party) assumes the Franchised Business' management, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or Franchisee's owners for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Franchised Business' purchases, while Franchisor (or the third party) manages it.

Franchisor (or a third party) may assume the Franchised Business' management under the following circumstances: (1) if Franchisee abandons or fails to actively operate the Franchised Business; (2) if Franchisee fails to comply with any provision of this Agreement or any System Standard and does not cure the failure within the time period Franchisor specifies in Franchisor's notice to Franchisee; or (3) if this Agreement is terminated and Franchisor is deciding whether to exercise Franchisor's option to purchase the Franchised Business under Section 14B below.

If Franchisor exercises Franchisor's rights under this Section, that will not affect Franchisor's right to terminate this Agreement under Section 14C below.

14. FRANCHISOR'S AND FRANCHISEE'S RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

14A. *FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.*

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall terminate and:

(1) Franchisee shall immediately cease to operate the Zoom Room Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(2) Franchisee shall immediately and permanently cease to use, in any manner whatsoever: (1) any confidential methods, procedures, and techniques associated with the System and the Marks; and (2) all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. Franchisee also shall, at Franchisee's expense, immediately remove all fixtures, signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System, which are located at the Zoom Room Business and/or used by Franchisee upon termination. In the event that Franchisee fails to remove all signs, slogans, symbols, distinctive forms, devices, and trade dress associated with the System within a reasonable amount of time following termination, and Franchisor is forced to remove these items, Franchisee shall reimburse Franchisor for the cost of removal. Franchisee agrees not to sell, assign, transfer, convey, or give away any signs, slogans, symbols, distinctive forms, devices, trade dress, or other fixtures associated with the System without the prior written consent of Franchisor;

(3) Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty days after termination or expiration of the Agreement;

(4) Franchisee acknowledges and agrees that all telephone numbers, facsimile numbers, social media websites, Internet addresses and e-mail addresses (collectively "**Identifiers**") used in the operation of Franchisee's Franchised Business constitute Franchisor's assets, and upon termination or expiration of this Agreement, Franchisee will take such action within five days to cancel or assign to Franchisor or Franchisor's designee as determined by Franchisor, all of Franchisee's right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at Franchisor's direction. Franchisee agrees to take all action required to cancel all assumed name or equivalent registrations related to Franchisee's use of the Marks. Franchisee acknowledges Franchisor has the sole rights to, and interest in, all Identifiers used to promote the Franchised Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Franchisee further appoints Franchisor to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to

transfer such Identifiers to Franchisor or Franchisor's designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's rights to the Identifiers and Franchisor's authority to direct their transfer; and;

(5) Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Marks or Franchisor's trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with Franchisor, the System, or the Marks;

(6) Franchisee shall, within five days after the expiration or termination of this Agreement, pay all sums owing to Franchisor and/or its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorney fees, incurred by Franchisor as a result of the default;

(7) Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorney fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14;

(8) Franchisee shall, within five days after the expiration or termination of this Agreement, return to Franchisor all confidential and proprietary information that Franchisee has in its possession, including the Confidential Operations Manual and any copies that may have been made by Franchisee;

(9) Franchisee shall comply with the covenants contained in Section 15 of this Agreement; and

(10) All covenants, obligations, and agreements of Franchisee, which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive such termination or expiration.

14B. *FRANCHISOR'S RIGHT TO PURCHASE THE ZOOM ROOM BUSINESS.*

Franchisor has the option, exercisable by giving Franchisee written notice within thirty days after the date of termination or expiration of this Agreement, to purchase the Franchised Business at fair market value, or any of the furnishings, equipment, signs, fixtures, or supplies related to the operation of the Franchised Business at their fair market value. Franchisor shall also have the option, exercisable by giving Franchisee written notice within thirty days after the date of termination or expiration of this Agreement, to purchase the real property under which the Franchised Business is located at fair market value if Franchisee or one of Franchisee's affiliates owns the real property. If the parties cannot agree on the price of any such items within fifteen days after the exercise of the option, an independent appraiser shall be designated by Franchisor and Franchisee, in which case the independent appraiser's determination shall be binding. If Franchisor and Franchisee cannot agree on an appraiser within fifteen days, each party shall designate an independent appraiser and each appraiser shall make its own assessment of fair market value. If the valuations set by the two appraisers differ by more than ten percent, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value. The average value set by the appraisers (whether two or three appraisers, as the case may be) shall be conclusive and shall be the

final purchase price. Franchisor and Franchisee shall share equally in the cost of any independent appraiser(s). If Franchisor elects to exercise any purchase option as provided in this Section 14B, the closing shall take place within fifteen days after the purchase price is established. Franchisor shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against the payment price of such items.

14C. *FRANCHISOR'S RIGHT TO TAKE ASSIGNMENT OF THE LEASE.*

Franchisee shall, at Franchisor's option (exercisable by giving Franchisee written notice within 30 days after the date of termination or expiration of this Agreement), immediately assign to Franchisor any interest which Franchisee has in any Lease. In the event Franchisor does not elect to exercise its option to acquire the Lease, then, to the extent, if any, that Franchisee is permitted to conduct any business at the Authorized Location, and acknowledging the distinctiveness of Franchisor's interior design and décor, Franchisee shall make such modifications or alterations to the Dog Training Gym (including, at Franchisor's option, the assignment of the telephone numbers, facsimile numbers, email addresses, and every Social Media Site) that are necessary to distinguish the appearance of such Dog Training Gym from that of Zoom Room Businesses and shall make any other changes that Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 14, Franchisor shall have the right to, at Franchisee's expense, enter the Dog Training Gym, without being guilty of trespass or any other tort, to make or cause to be made any necessary changes.

15. COVENANTS.

15A. *IN-TERM COVENANT NOT TO COMPETE.*

Franchisee acknowledges that: (1) Franchisee will receive valuable and specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Zoom Room Business and the System; and (2) Franchisor has granted Franchisee the Franchised Business in consideration of and reliance upon Franchisee's agreement to deal exclusively with Franchisor. Franchisee therefore agrees that, during this Agreement's term, or any Interim Period, neither Franchisee, any of its owners, nor any of its or its owners' spouses or other immediate family members will:

(1) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating;

(2) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or client of the Franchised Business to a Competitive Business; or

(4) engage in any other activity which may injure the goodwill of the Marks and System.

The term "**Competitive Business**" means (i) any business which provides pet obedience and agility training and social events for dogs and their owners, or offers the same or similar products or service as those offered by the Franchised Business or the System or (ii) any business granting franchises or licenses to others to operate the type of business specified in subparagraph (i); provided that a Zoom Room Business operated under a franchise agreement with Franchisor is not a Competitive Business.

15B. *POST-TERM COVENANT NOT TO COMPETE.*

Franchisee and Franchisee's owners agree that Franchisee and Franchisee's owners shall not, without Franchisor's prior written consent, for a continuous, uninterrupted two (2) year period commencing upon the date that is the later of: (a) a transfer permitted under Section 12 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) Franchisee's and Franchisee's owners' initial compliance with this section; or (e) a final decision of an arbitrator or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15B; either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, persons, or entity (including entities which own, are owned by, or are under common ownership with Franchisee), own, maintain, advise, operate, engage in, lease to, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business which is located: (i) at the Authorized Location; (ii) within twenty-five miles of the Authorized Location; or (iii) within twenty-five miles of any Zoom Room Business then open or planned to be open.

15C. *FRANCHISEE'S OBLIGATION TO OBTAIN COVENANTS.*

Franchisee agrees to obtain covenants similar to those of Sections 15A and 15B above, as well as agreements pertaining to Confidential Information and Improvements pursuant to Section 6 of this Agreement, from the personnel Franchisor specifies including, without limitation:

(1) each employee of Franchisee who has received training from Franchisor;

(2) each of Franchisee's owners with five percent or more interest in Franchisee during any part of the Term of this Agreement and their respective spouses and children over the age of 18 years;

(3) each officer and director of Franchisee and their respective spouses and children over the age of 18 years;

(4) each owner of any corporation that directly or indirectly controls Franchisee and/or that has a five percent or more ownership interest in Franchisee.

Franchisor has the right to regulate the form of agreement, including Franchisor's then standard Owners Agreement, that Franchisee uses and the right to be a third-party beneficiary of the agreement with independent enforcement rights.

15D. *RIGHT TO REDUCE THE SCOPE OF THE COVENANTS.*

Franchisee agrees and acknowledges that Franchisor shall have the right, in its Business Judgment, to reduce the scope of any covenant, or any portion of any covenant, set forth in Sections 15A and 15B of this Agreement, without Franchisee's consent, effective immediately upon delivery of written notice by Franchisor. Franchisee agrees to comply with any such modification, which shall be fully enforceable notwithstanding the provisions of Sections 15A and 15B of this Agreement.

15E. *SEVERABILITY OF THE COVENANTS.*

The parties agree that each of the covenants of this Section 15 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 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final

decision to which Franchisor is a party, the Parties agree that such court or agency is authorized to and shall modify or reduce the restrictions but only to the extent necessary to make them enforceable. Franchisee expressly agrees 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 15.

15F. *EXCEPTION TO COVENANTS.*

Franchisee's, or Franchisee's owner's equity ownership of less than three percent of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate Section 15A or Section 15B of this Agreement.

15G. *CLAIMS ARE NOT A DEFENSE TO THE COVENANTS.*

Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising under this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants contained in this Section 15.

15H. *IRREPARABLE INJURY IN VIOLATING THE COVENANTS.*

Franchisee acknowledges that Franchisee's violation of any of the terms of this Section 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

16. TAXES.

Franchisor shall not be liable for, and Franchisee shall promptly pay to Franchisor an amount equal to, any and all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties, or any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor by reason of:

(1) Franchisor furnishing products, intangible property (including trademarks and trade names) or services to Franchisee

(2) Franchisor purchasing, licensing, or leasing property or property rights provided by this Agreement for Franchisee; or

(3) Franchisee's operation of the Franchised Business.

In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Dog Training Gym, or any improvements thereon. Franchisor acknowledges and agrees that Franchisee will not be liable, in any way, to pay Franchisor's state or federal income taxes as such taxes are assessed on income earned by the payment of Royalties to Franchisor by Franchisee.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

17A. *INDEPENDENT CONTRACTORS.*

Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and Franchisor, that Franchisee and Franchisor are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or Franchisor a general or special agent, joint venture, partner, subsidiary, employer or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with the public, customers, suppliers, public officials, Franchised Business personnel, and others as an independent contractor operating the business pursuant to a franchise from Franchisor and to place notices of independent ownership at the Franchised Business and on the forms, business cards, stationery, advertising, and other materials Franchisor periodically requires.

17B. *NO LIABILITY FOR ACTS OF OTHER PARTY.*

Franchisor and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that Franchisor's respective relationship is other than franchisor and franchise owner. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Zoom Room Business operation or the business Franchisee conducts under this Agreement.

17C. *INDEMNIFICATION.*

Franchisee agrees to indemnify, defend, and hold harmless Franchisor, Franchisor's affiliates, and Franchisor's and Franchisor's affiliates respective shareholders, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**"), against, and to reimburse any one or more of the Indemnified Parties for, all Claims, obligations, and damages directly or indirectly arising out of the Franchised Business' operation, the business Franchisee conducts under this Agreement, or Franchisee's breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the Claims, obligations, or damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction. Without limitation, Franchisee's indemnification obligation shall extend to: (i) Franchisee's infringement or alleged of any patent, mark, copyright of a third party; (ii) Franchisee's unauthorized use of the Marks or System; (iii) Franchisee's violation or any federal, state, or local law, statute, rule or regulation, including but not limited to, violation of Privacy Laws; (iv) Franchisee's employment or other contractual relationship with its employees, managers or independent contractors including any allegation or finding that Franchisor is a joint employer of Franchisee's employees.

For purposes of this indemnification, "**Claims**" include all obligations, damages (actual, consequential, 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, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may defend any Claim against it and agree to settlements or take any other remedial, corrective, or other actions and such actions will affect Franchisee's obligation to indemnify pursuant to this Section.

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 any insurer or

other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a Claim for indemnity under this Section. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

18. ENFORCEMENT.

18A. *SECURITY INTEREST*

As security for the performance of Franchisee's obligations under this Agreement, including payments owed to Franchisor, Franchisee grants Franchisor a security interest in all of the assets of the Zoom Room Business, including but not limited to inventory, fixtures, furniture, equipment, accounts, supplies, contracts, and proceeds and products of all those assets. Franchisee agrees to execute such other documents as Franchisor may reasonably request in order to further document, perfect and record Franchisor's security interest. If Franchisee defaults in any of Franchisee's obligations under this Agreement, Franchisor may exercise all rights of a secured creditor granted to Franchisor by law, in addition to Franchisor's other rights under this Agreement and at law. If a third-party lender requires that Franchisor subordinate Franchisor's security interest in the assets of the Zoom Room Business as a condition to lending Franchisee working capital for the operation of the Zoom Room Business, Franchisor will agree to subordinate pursuant to terms and conditions determined by Franchisor.

18B. *LIQUIDATED DAMAGES*

Upon Franchisor's termination of this Franchise Agreement for cause, Franchisee agrees to pay Franchisor on demand, in addition to the amounts owed hereunder, liquidated damages. Liquidated damages are determined by multiplying the combined monthly average of Royalty and National Advertising Fund contributions (without regard to any fee waivers or other reductions) that Franchisee owed to Franchisor, beginning the date Franchisee opened the Franchised Business through the date of early termination, multiplied by the lesser of: (i) thirty-six (36), or (ii) the number of full months remaining in the term of this Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than $30,000.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Franchise Agreement's termination and the loss of cash flow from Royalties and National Advertising Fund contributions due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty and National Advertising Fund would have grown over the remaining term of this Franchise Agreement. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of future cash flow from the Royalty and National Advertising Fund contributions. It does not cover any other damages, including, without limitation, past due amounts, interest, late fees, attorneys' fees and reputational damages with the public and landlords. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Franchise Agreement other than the Royalty and National Advertising Fund sections.

18C. *SEVERABILITY*

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, un-appealable ruling issued

by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of Franchisor's refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and Franchisor may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

Franchisee acknowledges and agrees that Franchisor has the right to enter into agreements with other persons and/or entities that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that existing or future franchisees may have different rights and obligations shall not in any manner eliminate, modify, or affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18D. *WAIVER OF OBLIGATIONS*

Franchisor and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights Franchisor or Franchisee have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten days' prior written notice.

Franchisor and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, Franchisor's right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; Franchisor's or Franchisee's failure, refusal, delay or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; Franchisor's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Zoom Room Businesses; the existence of franchise agreements for other Zoom Room Businesses which contain provisions different from those contained in this Agreement; or Franchisor's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to Franchisor will be a waiver, compromise, settlement, or accord and satisfaction. Franchisor is authorized to remove any legend or endorsement, which then will have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if Franchisor's or Franchisee's failure to perform Franchisor's or Franchisee's obligations results from: (1) compliance with the orders, requests, or regulations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that

these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or contributions to the Fund due afterward.

18E. *COSTS AND ATTORNEY FEES.*

Subject to Section 18H below, Franchisee shall pay all costs and expenses (including reasonable fees of attorneys and other engaged professionals) incurred by Franchisor in successfully enforcing, issuing notices of default pursuant to, or obtaining any remedy arising from the breach of, this Agreement. The existence of any claims, demands or actions which Franchisee may have against Franchisor, whether arising from this Agreement or otherwise, shall not constitute a defense to Franchisor's enforcement of Franchisee's, or any equitable owners if Franchisee is an entity, representations, warranties, covenants, agreements or obligations herein. Additionally, the prevailing party in any arbitration or litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorney fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

18F. *RIGHTS OF PARTIES ARE CUMULATIVE*

Franchisor's and Franchisee's rights under this Agreement are cumulative, and Franchisor's or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude Franchisor's or Franchisee's exercise or enforcement of any other right or remedy which Franchisor or Franchisee are entitled by law to enforce.

18G. *GOVERNING LAW*

All matters relating to arbitration will be governed by the federal arbitration act (9 U.S.C. §§ 1 ET SEQ.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by and determined in accordance with the substantive laws of the State of California, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of California the benefit of the California Franchise Investment Law, the California Franchise Relations Law, or any other California law providing specific protection to franchisees residing in the State of California. Franchisor and Franchisee further agree that this Agreement will not apply California law as it relates to the enforcement of any in-term or post-term covenant not to compete if Franchisee is not a resident of the State of California, and that the law of the state in which the Authorized Location is operated will control with regard to the enforcement of Franchisee's in-term and post-term noncompete obligations. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers, directors, managers or partners (collectively, "**Franchisee Affiliates**"), and Franchisor, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, "**Franchisor Affiliates**"), the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of California or the Los Angeles office of the AAA and each party waives any objection it may have to the personal jurisdiction of or venue in the state and federal courts of California or the Los Angeles, California office of the AAA. Franchisor, Franchisor Affiliates, Franchisee and Franchisee Affiliates each waive their rights to a trial by jury.

18H. *MEDIATION/ARBITRATION*

(1) Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Marks or (ii) securing injunctive relief or specific performance under this Agreement shall first be subject to non-binding mediation in Los Angeles, California, or, if Franchisor's principal place of business is at another location at the time that mediation is sought, in the city of Franchisor's then principal place of business under the auspices of the American Arbitration Association ("**AAA**") under AAA's Commercial Mediation Rules then in effect. Mediation shall not defer or suspend Franchisor's exercise of any termination right under Section 13.

(2) No arbitration or litigation may be commenced on any claim which is subject to mediation under Section 18H(1) prior to the Mediation Termination Date (as defined in Section 18H(2)(c) below), whether or not the mediation has been commenced. Mediation under this Section is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

(a) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

(b) The non-binding mediation provided for hereunder shall be conducted by a mediator or mediation program designated by Franchisor in writing. Franchisor shall make the designation within a reasonable time after issuance of the request for mediation.

(c) The non-binding mediation provided for hereunder shall be concluded within sixty days of the issuance of the request for mediation, or such longer period as may be agreed upon by the parties in writing (**"Mediation Termination Date"**). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall each bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

(3) Except for any actions brought with respect to: (i) the Marks or (ii) securing injunctive relief or specific performance under this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be finally settled by arbitration with a single arbitrator to be conducted in accordance with this Agreement. Franchisor and Franchisee waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award shall be limited to the recovery of any actual damages sustained by them. Each party shall bear one-half of the arbitrator's and administration expenses incurred during the arbitration process and prior to a final determination by the arbitrator; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorney fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. All arbitration proceedings shall take place in Los Angeles, California, or, if Franchisor's principal place of business is at another location at the time that arbitration is sought, in the city of Franchisor's then principal place of business under the auspices of the AAA using AAA's Commercial Arbitration Rules then in effect. The arbitration award shall be binding upon the

parties and may be entered and enforced in any court of competent jurisdiction. Any arbitration proceeding shall be limited to controversies between Franchisor and Franchisee and shall not be expanded to include any other franchisee as a party, or include the adjudication of class action claims. Franchisee agrees that it will not initiate, participate or solicit any other franchisee or other third party to participate in any class action or multi-party action against Franchisor or Franchisor's affiliates.

(4) Nothing in this Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to Franchisee's customers or to the public, or which may impair the goodwill associated with the Marks. The prevailing party shall be entitled to recover its costs and reasonable attorney fees incurred by it in obtaining such relief.

18I. *JUDICIAL ACTION*

TO THE EXTENT THAT A JUDICIAL ACTION IS EXPRESSLY PERMITTED BY SECTIONS 18F(3) AND 18F(4) OF THIS AGREEMENT, ANY SUCH ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR SHALL BE BROUGHT EXCLUSIVELY, AND ANY SUCH ACTION BROUGHT BY FRANCHISOR AGAINST FRANCHISEE MAY BE BROUGHT, IN THE FEDERAL DISTRICT COURT COVERING THE LOCATION AT WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME THE ACTION IS COMMENCED; PROVIDED, HOWEVER, THAT IF THE FEDERAL COURT WOULD NOT HAVE SUBJECT MATTER JURISDICTION HAD THE ACTION BEEN COMMENCED IN SUCH COURT, THEN, IN SUCH EVENT, THE ACTION SHALL (WITH RESPECT TO ACTIONS COMMENCED BY FRANCHISEE), AND MAY (WITH RESPECT TO ACTIONS COMMENCED BY FRANCHISOR), BE BROUGHT IN THE STATE COURT WITHIN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME THE ACTION IS COMMENCED. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

18J. *WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL*

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR FOR THIRD PARTY CLAIMS UNDER SECTION 17C, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, IN ANY ARBITRATION OR JUDICIAL ACTION, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF FRANCHISOR.

18K. *INJUNCTIVE RELIEF*

Nothing in this Agreement bars Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Franchisor, the Marks, and/or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions (subject to Franchisor's obligation to mediate and arbitrate the underlying claim if required by Section 18H of this Agreement). Franchisee agrees that Franchisor may obtain such injunctive relief in addition to such further or other relief as may be available at law or in equity. Franchisee agrees that Franchisor will not be required to post a bond to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

18L. *BINDING EFFECT.*

This Agreement is binding upon Franchisor and Franchisee and Franchisor's and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to Franchisor's right to modify the Confidential Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both Franchisor's and Franchisee's duly-authorized officers.

18M. *LIMITATIONS OF CLAIMS.*

EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES FRANCHISOR, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. HOWEVER, THE PARTIES AGREE THAT, IN ORDER TO COMPLY WITH THIS PROVISION, EITHER PARTY MAY COMMENCE A PERMITTED JUDICIAL OR ARBITRATION PROCEEDING BEFORE A RELATED MEDIATION PROCEEDING IS DECLARED COMPLETED.

18N. *CONSTRUCTION AND DEFINITIONS.*

The preambles, exhibits, and attachments, including any State Addenda, are a part of this Agreement which, together with the System Standards contained in the Confidential Operations Manual (which may be periodically modified, as provided in this Agreement), constitutes Franchisor's and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between Franchisor and Franchisee, or oral or written representations by Franchisor, relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. However, nothing in this Agreement or any related agreement is intended to disclaim Franchisor's representations made in the Franchise Disclosure Document.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or Entity not a party to this Agreement.

Except where this Agreement expressly obligates Franchisor reasonably to approve, or not unreasonably to withhold Franchisor's approval of, any of Franchisee's actions or requests, Franchisor has

the absolute right to refuse any request Franchisee makes or to withhold Franchisor's approval of any of Franchisee's proposed, initiated, or completed actions that require Franchisor's approval.

The headings of the sections and paragraphs of this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

References in this Agreement to "**Franchisor**," and "**Franchisor's**," with respect to all of Franchisor's rights and all of Franchisee's obligations to Franchisor under this Agreement include any of Franchisor's affiliates with whom Franchisee deals. The term "**Affiliate**" means any person or Entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisor. The term "**control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchisee and the Zoom Room Business, whether as partners or joint venture, their obligations and liabilities to Franchisor will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Franchised Business or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the Franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "**controlling ownership interest**" in Franchisee or one of Franchisee's owners (if an entity) mean the percent of the voting shares or other voting rights that results from dividing 100% of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in Franchisee or one of Franchisee's owners, the determination of whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"**Person**" means any natural person or Entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "**Franchised Business**" includes all of the assets of the Zoom Room Business Franchisee operates under this Agreement, including its revenue and the Lease.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

19. *FRANCHISOR'S EXERCISE OF BUSINESS JUDGMENT*

Franchisee acknowledges and agrees that the long-term interests of the network of Zoom Room Franchised Businesses, and the Franchisor and its owners, taken together, require that Franchisor has the latitude to make business decisions ("**Business Judgment**") with respect to the franchise System. The ultimate responsibility to exercise Business Judgment to make decisions with respect to the System and the System Standards is vested in Franchisor because Franchisor, Franchisee and all Zoom Room franchisees have a collective interest in working within a franchise system that can quickly adjust to changing business conditions, including changes in the competitive environment, new laws and regulations, and emerging business opportunities. Franchisor has this right even if, at times, a particular decision adversely affects

Franchisee. Franchisee further acknowledges and agrees Franchisor will not be required to consider Franchisee's particular economic or other circumstances or to disregard Franchisor's own economic or other business interest when making decisions under this Agreement.

20. *NOTICES AND PAYMENTS.*

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Confidential Operations Manual will be deemed to be delivered:

(1) at the time delivered by hand;

(2) at the time delivered via computer transmission provided that the recipient acknowledges receive of such computer transmission, and, in the case of the Royalty, National Advertising Fund contributions and other amounts due, at the time Franchisor actually receives payment;

(3) one business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;

(4) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(5) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to Franchisor must be sent to the address specified on the signature page of this Agreement, although Franchisor may change this address for notice by giving Franchisee notice of the new address. Any written notice that Franchisor sends to Franchisee may be sent only to the Managing Owner, or, if applicable, the Designated Manager at the address specified on the signature page of this Agreement. Franchisee may change the person and/or address for notice only by giving Franchisor thirty days prior written notice by any of the means specified in subparagraphs (1) through (5) above.

Any required payment or report which Franchisor does not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before the date due) will be deemed delinquent.

21. *COMPLIANCE WITH ANTI-TERRORISM LAWS.*

Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee's or Franchisee's owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 13C(16) above.

22. *ELECTRONIC MAIL*.

Franchisee acknowledges and agrees that exchanging information with Franchisor by e-mail is efficient and desirable for day-to-day communications and that Franchisor and Franchisee may utilize e-mail for such communications. Franchisee authorizes the transmission of e-mail by Franchisor and Franchisor's employees, vendors, and affiliates ("**Official Senders**") to Franchisee during the Term of this Agreement.

Franchisee further agrees that: (a) Official Senders are authorized to send e-mails to those of Franchisee's employees as Franchisee may occasionally authorize for the purpose of communicating with Franchisor; (b) Franchisee will cause Franchisee's officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) Franchisee will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with Franchisee; and (d) Franchisee will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term of this Agreement.

Unless otherwise authorized by Franchisor, Franchisee will only use an e-mail address related to or associated with the operation of the Franchised Business, which is a part of the zoomroom.com or any other domain name specified by Franchisor in the Confidential Operations Manual. All email communication must comply with standards specified in the Confidential Operations Manual or otherwise in writing.

The consent given in this Section 22 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 20 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

ZOOM ROOM FRANCHISING, LLC, a Colorado limited liability company

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

Address of Franchisor for purposes of Section 20:

Zoom Room Franchising, LLC
Attn: CEO
11836 Teale Street
Culver City, CA 90230

FRANCHISE OWNER:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

Sign here if you are taking the franchise as an **ENTITY**

_____
Print Name of Legal Entity

By:_____
Signature

Print Name:_____
Title:_____

Date:_____

Address of Franchisee for purposes of Section 20:
_____
_____
_____

ATTACHMENT A
TO THE FRANCHISE AGREEMENT

AUTHORIZED LOCATION AND PROTECTED TERRITORY

1. If a particular site for the Dog Training Gym has been selected and approved at the time of the signing this Agreement, it shall be entered on **Attachment A-1** as the Authorized Location and the Authorized Location shall have the Protected Territory listed in **Attachment A-1**. If a particular site has not been selected and approved at the time of the signing this Agreement, Section 3 of this Attachment will describe the location in general terms below in the "**General Description**." The General Description does not confer any territory rights to Franchisee and is only used for a reference. Franchisor may sell other franchised locations in the area in the General Description.

2. After Franchisor has approved a location for Franchisee's Dog Training Gym, Franchisor shall complete the Authorized Location and the Protected Territory in **Attachment A-1**. As the Protected Territory is dependent on the location of the Dog Training Gym, Franchisor will present Franchisee with the Protected Territory upon the identification of the site for the Dog Training Gym. If Franchisee does not wish to accept the Protected Territory, Franchisee may choose another site location and Franchisor will present Franchisee with another Protected Territory based on the site selected.

3. General Description of Area For Authorized Location:
(if the Authorized Location is not specified above as of the signing of the Agreement)

_____

FRANCHISEE:

_____

By: _____
Print Name: _____
Title: _____

FRANCHISOR:

ZOOM ROOM FRANCHISING, LLC

By: _____
Print Name: _____
Title: _____

ATTACHMENT A-1 TO THE FRANCHISE AGREEMENT

Franchisee has received approval for site location for the Dog Training Gym that satisfies the demographics and location requirements minimally necessary for a Dog Training Gym and that meets Franchisor's minimum current standards and specifications for the build out, interior design, layout, floor plan, signs, designs, color and décor of a Dog Training Gym. Franchisor has designated the Protected Territory based on the site for the Dog Training Gym which is indicated below. Franchisee acknowledges that the Protected Territory is in conformance with the territory guidelines stated in ITEM 12 of the Franchise Disclosure Document.

Authorized Location for Unit:

The Authorized Location for Franchisee's Dog Training Gym as provided in Section 2A of the Agreement is:

_____

Protected Territory:

The Protected Territory as provided in Section 1E of the Agreement is:

_____

_____

Initial Franchise Fee. Franchisee shall pay to Franchisor an Initial Franchise Fee equal to _____ Thousand _____ Hundred Dollars ($___,__00.00) plus, if applicable, all federal, state or municipal taxes due and payable at the time of execution of the Agreement.

FRANCHISOR:	**FRANCHISEE:**
ZOOM ROOM FRANCHISING, LLC	_____
By: _____	By: _____
Title: _____	Title: _____

ATTACHMENT B
TO THE FRANCHISE AGREEMENT

OWNERS' AGREEMENT

As a condition to the granting by ZOOM ROOM FRANCHISING, LLC ("**Franchisor**") of a franchise agreement with _____ ("**Franchisee**"), each of the undersigned individuals ("**Owners**"), who constitute all of the owners of a beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners' Agreement ("**Owners' Agreement**").

1. Acknowledgments.

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with Franchisor effective as of _____ ("**Franchise Agreement**"). Capitalized words not defined in this Owners' Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Owners' Role. Owners are the beneficial owners of all of the equity interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives, and assigns. Each Owner acknowledges and agrees that Franchisee's obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to Franchisor if Franchisee's Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners' Agreement as a condition to Franchisor entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of the Franchise Agreement or this Owners' Agreement.

2. Non-Disclosure and Protection of Confidential Information. Under the Franchise Agreement, Franchisor will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a Franchised Business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to Franchisor's Confidential Information are hereby incorporated into this Owners' Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners' Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the same remedies against Owners under this Owners' Agreement as Franchisor may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will also be deemed Confidential Information for purposes of this Owners' Agreement.

3. Covenant Not To Compete.

3.1 Non-Competition During and After the Term of the Franchise Agreement. Owners acknowledge and agree that as participants in Franchisor's system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures, and techniques which Franchisor has developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners' Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners' Agreement as a direct and primary obligation of Owners. Further, Franchisor may seek the

same remedies against Owners under this Owners' Agreement as Franchisor may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition will be construed as independent of any other covenant or provision of this Owners' Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which Franchisor is a party, Owners 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 3.

3.3 Franchisor's Right to Reduce Scope of Covenants. Additionally, Franchisor has the right, in its Business Judgment, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when Franchisor gives Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay Franchisor (or cause Franchisor to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend, and hold harmless Franchisor, all of Franchisor's affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to Franchisor or any of Franchisor's affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by Franchisor to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that Franchisor will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners' Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement. All of the undersigned Owners agree that their obligations, representations, warranties, covenants and other agreements under this Owners Agreement are primary and shall be joint and several. Franchisor shall not be required to proceed first against any other Owner or equally against all Owners in exercising its rights under this Owners Agreement against any particular Owner.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, Franchisor can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

5. Transfers. Owners acknowledge and agree that Franchisor has granted the Franchise Agreement to Franchisee in reliance on each Owner's business experience, skill, financial resources, and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted Transfer of an interest in Franchisee requiring Franchisor's consent under the Franchise Agreement for which Franchisor's express written consent is not first obtained will be a material breach of this Owners Agreement and the Franchise Agreement.

6. Notices.

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Franchisor's current address for all communications under this Owners Agreement is:

Zoom Room Franchising, LLC
Attn: CEO
11836 Teale Street
Culver City, CA 90230

The current address of each Owner for all communications under this Owners' Agreement is designated on the signature page of this Owners' Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners' Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners' Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners' Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners' Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. Franchisor has the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce the Owners' obligations under this Owners' Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners' Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, Franchisor will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, each Owner's only remedy

will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners' Agreement constitutes the entire, full, and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings, or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners' Agreement, other than those in this Owners' Agreement. No other obligations, restrictions, or duties that contradict or are inconsistent with the express terms of this Owners' Agreement may be implied into this Owners' Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners' Agreement), no amendment, change, or variance from this Owners' Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners' Agreement, and any portions thereof, will be considered severable. If any provision of this Owners' Agreement or the application of any provision to any person, property, or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners' Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for Franchisor and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners' Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors, and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners' Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners' Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners' Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners' Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners' Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors, and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "Franchisee" include the respective parties' heirs, successors, assigns, or transferees.

8.7 Nonwaiver. Franchisor's failure to insist upon strict compliance with any provision of this Owners' Agreement shall not be a waiver of Franchisor's right to do so. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners' Agreement shall be cumulative.

8.8 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in the Franchise Agreement or this Owners' Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be Franchisor's sole responsibility and none of Franchisor's owners, officers, agents, representatives, nor any individuals associated with Franchisor shall be personally liable to Franchisee for any reason.

8.9 Owners' Agreement Controls. In the event of any discrepancy between this Owners' Agreement and the Franchise Agreement, this Owners' Agreement shall control.

This space left blank intentionally

IN WITNESS WHEREOF, the parties have entered into this Owners' Agreement as of the effective date of the Franchise Agreement.

OWNERS:

_____
Signature

_____
Printed Name

_____
Street Address

_____
City and State

_____
Percentage of Ownership in Franchisee

_____
Spouse's Name (if applicable)

_____
Spouse's Signature (if applicable)

_____
Signature

_____
Printed Name

_____
Street Address

_____
City and State

_____
Percentage of Ownership in Franchisee

_____
Spouse's Name (if applicable)

_____
Spouse's Signature (if applicable)

_____
Signature

_____
Printed Name

_____
Street Address

_____
City and State

_____
Percentage of Ownership in Franchisee

_____
Spouse's Name (if applicable)

_____
Spouse's Signature (if applicable)

_____
Signature

_____
Printed Name

_____
Street Address

_____
City and State

_____
Percentage of Ownership in Franchisee

_____
Spouse's Name (if applicable)

_____
Spouse's Signature (if applicable)

Countersigned:

ZOOM ROOM FRANCHISING, LLC

By: _____

ATTACHMENT C
TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

This Attachment C is current and complete
as of the Effective Date
shown on the signature block of the Franchise Agreement

Franchisee: _____

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 and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

_____
_____
_____
_____

Identification of Managing Owner. Franchisee's Managing Owner as of the Effective Date is _____ _____. Franchisee may not change the Managing Owner without prior written approval.

Identification of Designated Manager. Franchisee's Designated Manager, if applicable, as of the Effective Date is _____. Franchisee may not change the Designated Manager without prior written approval.

[*Signatures on following page*]

FRANCHISE OWNER:

Sign here if you are taking the franchise as an **INDIVIDUAL(S)**
(Note: Use these blocks if you are not an Entity, as defined in Section 1C)

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

_____
Signature
Print Name:_____
Date:_____

Sign here if you are taking the franchise as a **CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP**

_____
Print Name of Legal Entity

By:_____
Signature

Print Name:_____
Title:_____

Date:_____

ATTACHMENT D
TO THE FRANCHISE AGREEMENT

Lease Addendum

THIS LEASE ADDENDUM ("**Addendum**") is made as of _____ ("**Effective Date**") by and between _____ ("**Landlord**") and _____ _____, a _____("**Tenant**").

WHEREAS, Landlord and Tenant entered into that certain Lease certain property generally known as _____ ("**Property**") dated _____ (the "**Lease**");

WHEREAS, Landlord and Tenant desire to append the Lease.

NOW, THEREFORE, for and in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties agree as follows:

1. **Permitted Use.** During the term of the Lease, Tenant will use the Property solely for the operation of a Zoom Room-branded dog training business ("**Franchised Business**"). Tenant will use and occupy the Property only for the Permitted Use and for no other purpose. Tenant shall not use or permit the use of the Property in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties.

2. **Permitted Assignment.**

a. Zoom Room Franchising, LLC, a Colorado limited liability company, ("**Franchisor**") has awarded Tenant a Franchised Business pursuant to a Franchise Agreement. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant's right, title, and interest in the Lease to a Franchise Assignee (defined below) at any time during the term of the Lease, including any extensions or renewals thereof.

b. If Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant's interest under a form of assignment and assumption document reasonably acceptable to Landlord, provided such Franchise Assignee cures a default of the Lease no later than fifteen (15) days following the end of Tenant's cure period.

c. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchisee Assignee has cured all material non-monetary defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by, a Franchise Assignee.

d. With respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (i) recapture the Premises; (ii) terminate the Lease; or (iii) modify any terms or conditions of the Lease.

e. If Franchisor accepts an assignment and assumes the Lease, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent, in which event Franchisor shall be released from any obligation or liability under the Lease.

f. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

2. Notice to Franchisor. Landlord shall serve Franchisor via email with a copy of any notice of default, breach, or termination of Lease simultaneously with when Landlord serves Tenant with such notice. Notices must be sent via email to: Zoom Room Franchising LLC at admin@zoomroom.com.

3. Assumption of Management. As provided for in Franchisor's franchise agreement, in the event Tenant or any Franchise Assignee fails to comply with the standards of Franchisor, Franchisor is permitted to assume the management of the Franchised Business.

4. To the extent the terms of this Addendum should conflict with the terms of the Lease, the terms in this Addendum shall govern.

5. Should any one or more of the provisions of this Addendum be determined to be illegal or unenforceable, all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

6. This Addendum may be executed in counterparts, all of which will have full force and effect as an original, including admission into evidence, and facsimile signatures shall constitute originals for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the day and year first above written.

LANDLORD:	**TENANT:**
_____	_____
By:_____	By:_____
Name:	Name:
Its:	Its:

EXHIBIT C

CONFIDENTIAL OPERATIONS MANUAL
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EXHIBIT D

FINANCIAL STATEMENTS

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.

PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

Zoom Room Franchising LLC
Profit & Loss
September through October 2022
Unaudited

Rovenue	
Franchise fee income	302,500.00
Royalties	146,768.37
Software fee revenue	30,996.00
Marketing fee revenue	18,346.09
Product sales	12,600.28
Other revenue	3,000.00
Total revenue	514,210.74
Cost of product sales	2,800.02
Gross profit	511,410.72
Operating expenses	319,005.48
Income from operations	192,405.24
Other income (expenses)	
Interests Expenses	(156.87)
Amortization Expenses	(460.00)
Total other income (expenses)	(616.87)
Total Net Income	**191,788.37**

-

Zoom Room Franchising LLC
Balance Sheet
As of October 31, 2022
Unaudited

ASSETS	
Current Assets	
Cash	299,907.84
Accounts receivable	41,292.44
Franchise fees receivable	438,000.00
Due from related paties	830,673.92
Prepaids	4,195.87
Inventory	20,652.78
Current portion of def Commission	133,815.00
Total Current Assets	1,768,537.85
Intangible assets - net	27,700.00
Deferred commissions, net of current portion	1,274,589.00
TOTAL ASSETS	**3,070,826.85**
LIABILITIES & EQUITY	
Current liabilities	
Accounts payable and accrued expenses	119,297.61
Current portion of deferred franchise fee	163,320.00
Total Current Liabilities	282,617.61
Due to related parties	58,167.01
Deferred franchise fee, net of current portion	1,295,721.00
Total Long-Term Liabilities	1,353,888.01
Total Liabilities	1,636,505.62
Member's equity	**1,434,321.23**
TOTAL LIABILITIES AND EQUITY	**3,070,826.85**

Zoom Room Franchising, LLC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED AUGUST 31, 2022,
AUGUST 31, 2021 AND AUGUST 31, 2020

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GTL, LLP Certified Public Accountants and Business Consultants
Member of American Institute of Certified Public Accountants and California Society of Public Accountants
Participant in Quality Review Program of AICPA

INDEPENDENT AUDITOR'S REPORT

To the Management
Zoom Room Franchising, LLC
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Zoom Room Franchising, LLC ("the Company"), a California limited liability company, which comprises the balance sheets as of August 31, 2022, 2021, and 2020 the related statements of income and member's equity, and cash flows and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 2 to these financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Prior Period Financial Statements

The financial statements of the Company for the year ended August 31, 2020 were audited by other auditors whose report dated December 11, 2020 expressed an unmodified opinion on those statements.

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 is 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Zoom Room 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.

GTL, LLP

Sherman Oaks, California
November 22, 2022

Zoom Room Franchising, LLC
Balance Sheets
August 31, 2022, 2021 and 2020

ASSETS

	2022	2021	2020
Current assets			
Cash	$ 298,733	$ 106,909	$ 126,877
Restricted cash	-	49,655	99,000
Franchise fees receivable	433,000	292,000	-
Accounts receivable	32,515	22,946	5,263
Deferred commissions	133,815	42,000	17,177
Prepaid expenses and other current assets	4,629	5,061	3,875
Inventory	-	-	830
Due from related parties	828,052	521,745	362,478
Total current assets	1,730,744	1,040,316	615,500
Intangible asset, net	28,160	30,920	33,680
Deferred commissions, net of current portion	1,083,789	328,479	139,073
Total assets	$ 2,842,693	$ 1,399,715	$ 788,253

LIABILITIES AND MEMBER'S EQUITY

Current liabilities			
Accounts payable and accrued expenses	$ 101,544	$ 50,172	$ 16,164
Current portion of due to related party	18,853	21,236	43,067
Current portion of note payable	-	10,000	-
Current portion of deferred franchise fees	163,320	66,500	18,419
Note payable, PPP loan assistance program	-	149,909	-
Total current liabilities	283,717	297,817	77,650
Due to related parties	175,723	19,180	40,741
Note payable, Economic Injury Disaster Loan	-	489,900	509,900
Deferred franchise fees, net of current portion	1,140,721	376,183	150,599
Total liabilities	1,600,161	1,183,080	778,890
Member's equity	1,242,532	216,635	9,363
Total liabilities and member's equity	$ 2,842,693	$ 1,399,715	$ 788,253

The accompanying notes are an integral part of these financial statements

Zoom Room Franchising, LLC
Statements of Income (Operations)
For the Years Ended August 31, 2022, 2021 and 2020

	2022	2021	2020
Revenues			
Franchise fee income	$ 1,651,442	$ 552,281	$ 228,477
Royalties	665,268	495,625	258,703
Software fee revenue	121,381	66,252	45,192
Marketing fee revenue	83,215	69,002	9,115
Product sales	71,249	69,328	33,199
Other revenue	22,221	55,992	7,542
Total revenues	2,614,776	1,308,480	582,228
Cost of product sales	54,088	33,603	22,603
Gross profit	2,560,688	1,274,877	559,625
Operating expenses	1,650,471	1,067,321	703,906
Income (loss) from operations	910,217	207,556	(144,281)
Other income (expense)			
Interest expense	(34,229)	(284)	(6,842)
PPP loan forgiveness	149,909	-	139,168
Total other income (expense)	115,680	(284)	132,326
Net income (loss)	$ 1,025,897	$ 207,272	$ (11,955)

The accompanying notes are an integral part of these financial statements

Zoom Room Franchising, LLC
Statements of Changes in Member's Equity
For the Fiscal Years Ended August 31, 2022, 2021 and 2020

	Total
Balance, August 31, 2019, as restated *	$ 21,318
Net loss	(11,955)
Balance, August 31, 2020	9,363
Net income	207,272
Balance, August 31, 2021	216,635
Net income	1,025,897
Balance, August 31, 2022	$ 1,242,532

* Originally presented	$ 37,020
Effect of ASC 606 Adoption	(15,702)
Balance, August 31, 2019 as restated	$ 21,318

The accompanying notes are an integral part of these financial statements

Zoom Room Franchising, LLC
Statements of Cash Flows
For the Years Ended August 31, 2022, 2021 and 2020

	2022	2021	2020
Cash flows from operating activities			
Net income (loss)	$ 1,025,897	$ 207,272	$ (11,955)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Amortization	2,760	2,760	2,760
PPP loan forgiveness	(149,909)	-	-
Changes in operating assets and liabilities			
Franchise fee receivable	(141,000)	(292,000)	-
Accounts receivable	(9,569)	(17,683)	91,029
Deferred commissions	(847,125)	(214,229)	(89,475)
Prepaid expenses and other current assets	432	(1,186)	(2,457)
Inventory	-	830	7,070
Due from related parties	(306,307)	(215,790)	(266,737)
Accounts payable and accrued expenses	51,372	34,008	(85,732)
Due to related parties	(2,383)	56,198	-
Deferred franchise fees	861,358	273,665	30,518
Net cash provided by (used-in) operating activities	485,526	(166,155)	(324,979)
Cash flows from financing activities			
Increase in due to related parties	156,543	(43,067)	-
Note issuance-PPP Loan	-	149,909	-
Note issuance - EIDL Loan	-	-	509,900
Principal payments-EIDL Loan	(499,900)	(10,000)	-
Net cash provided by (used-in) financing activities	(343,357)	96,842	509,900
Net increase (decrease) in cash and restricted cash	142,169	(69,313)	184,921
Cash and restricted cash, beginning of year	156,564	225,877	40,956
Cash and restricted cash, end of year	$ 298,733	$ 156,564	$ 225,877
Cash and restricted cash consisted of the following:			
Cash	$ 298,733	$ 106,909	$ 126,877
Restricted cash	-	49,655	99,000
	$ 298,733	$ 156,564	$ 225,877
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	$ 34,229	$ 281	$ 6,842
Forgiveness of PPP loan	$ 149,909	$ -	$ 139,168

The accompanying notes are an integral part of these financial statements

Zoom Room Franchising, LLC
Notes to Financial Statements
August 31, 2022, 2021 and 2020

1. NATURE OF OPERATIONS

Zoom Room Franchising, LLC (the "Company"), a wholly-owned subsidiary of Zoom Room, Inc. (the Parent), is a Colorado limited liability company that was formed in July 2017 to offer the sale of franchises to operate a dog training business. The Company acquired all of the assets including eight active franchise agreements from its predecessor, Zoom Room, Inc. on August 1, 2017. Zoom Room, Inc. offered franchises for Zoom Room businesses from April 2009 through July 2017.

Franchise Agreements

Summary of franchise agreements are as follows:

	Opened	Unopened	Total
December 31, 2019	6	-	6
New openings	2	-	2
August 31, 2020	8	-	8
Openings and additions	3	24	27
August 31, 2021	11	24	35
Openings and additions	15	20	35
August 31, 2022	26	44	70

Franchise agreements have an initial term of ten years with one five or one ten year renewal period. The franchisees are required to purchase equipment and products from approved suppliers. The franchisees pay fees to the Company in exchange for selected employee training, manuals and approval of a store location. They also pay a royalty based on their gross sales.

Reclassifications

Certain accounts have been reclassified to conform to current year classifications. The reclassifications have had no impact on member's equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Change in accounting principle

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 201409, Revenue from Contracts with Customers (Topic 606) (codified as ASC 606), which, along with subsequent amendments issued after May 2014, replaced substantially all the relevant U.S. GAAP revenue recognition guidance. ASC 606, as amended, is based on the principle that revenue is recognized to depict the contractual transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services utilizing a five step revenue recognition model, which steps include (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

On September 1, 2019, the Company adopted ASC 606, as amended, to all contracts that had not been completed as of September 1, 2019 using the practical expedient and modified retrospective method. Accordingly, results for the reporting period beginning after September 1, 2019 are presented in accordance with ASC 606, while prior period amounts have not been adjusted and continue to be reported under the accounting standards that were in effect for the prior periods.

The cumulative effect of adopting ASC 606 resulted in a onetime adjustment of $15,702 to the opening balance of members' equity which is reflected in the accompanying statements of member's equity for the fiscal year ended August 31, 2020. The adjustment was created by deferred revenue of $54,822 and deferred commissions of $39,102 and a resulting increase in net income of $15,702. The cumulative effect adjustment relates to the recognition of revenue and related costs for customer contracts that transfer goods or services over time. Under ASC 606, the timing of the recognition of revenue and the related cost of revenue associated with goods or services provided to customers with no alternative use are recognized over time utilizing an input method that compares the cost of cumulative work in process to date to the most current estimates for the entire cost of the performance obligation. By contrast, in the prior periods, revenue and the related costs were recognized upon completion of the performance obligation in accordance with accounting standards that were in effect in the prior periods. Under these customer contracts the customer retains control of the product as it is being created or enhanced by our services and/or we are entitled to compensation for progress to date that includes an element of profit margin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred.

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 at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could vary from those estimates.

Revenue recognition

The Company accounts for revenue using the accounting method prescribed under ASC 606, Revenue from Contracts with Customers.

Franchise fees - Franchisees will pay initial franchise fees to the Company for the right to own and operate a Zoom Room business. This revenue is recognized when all material services or conditions relating to the sale of the franchise agreement have been substantially performed or satisfied by the Company and will be recognized over the term of the agreement. Until the time that all the conditions have been met, the franchise fee will be reported as deferred franchise fees on the balance sheet.

Royalty and software fee income - Pursuant to various franchise agreements, franchisees are required to pay the Company royalties and software fees based on a percentage of gross sales, as defined in the individual agreements. These amounts are included in accounts receivable until paid by the franchisee.

Marketing fund - In accordance with franchise agreements, franchisees contribute an amount to a marketing fund based upon a percentage of sales as reported by the franchisees. The Company acts as a fiduciary for this fund and is responsible for incurring qualifying expenditures.

Concentration of credit risk

Occasionally the Company's bank balance exceed the FDIC insurance limit. The Company has not and does not anticipate any losses related to these balances. The Company controls credit risk by performing periodic evaluations of the credit worthiness of its franchisees, including credit approvals, credit limits, insurance and other monitoring procedures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Franchise fees receivable

Franchise fees receivable of $ 433,000, $292,000 and $99,000 at August 31, 2022, 2021 and 2020, respectively, represent fees from franchise sales that can not be collected until the locations open as determined by state mandate. These funds will be collected in full upon the location opening.

Restricted cash

Restricted cash represents franchise fees received upon the sale of the franchise. Due to state mandate, although we received the cash but state mandate dictates these funds cannot be used until that location opens.

Intangible asset

The Company acquired the domain name ZoomRoom.com for $41,500. The intangible asset is being amortized on a straight-line basis over its 15 year life.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provisions were recorded by the Company during the fiscal years ended August 31, 2022, 2021 and 2020.

Income Taxes

The Company is a single member limited liability company which is a disregarded entity for federal income tax purposes. As such the taxable income or loss of the Company is reported on the Parent's tax return. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

The Parent's federal and state income tax returns for tax years 2018 and subsequent remain open for examination by the Internal Revenue Service and State Taxing Authorities.

Product sales

In addition to the Company earning revenue from royalty and software fees, the Company sells products to its franchisees and these products include dog toys, apparel, dog treats, dog supplies and training gear.

Risk and uncertainties

In December 2019, an outbreak of a novel strain of coronavirus (COVID19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID 19 as a pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk and uncertainties (continued)

The Company, as well as its suppliers, is regarded as critical infrastructure and as such, is continuing to operate. Potential impacts to its business include restrictions on their employees' ability to work, travel restrictions which impact cash flow, and difficulties in the suppliers' ability to procure certain materials sourced from areas impacted by COVID 19. The Company has not seen such interruptions to date. The potential economic downturn could ultimately impact its operating results.

Any of the foregoing could harm the business and the Company cannot anticipate all of the ways in which health epidemics such as COVID 19 could adversely impact the business. Although the Company is continuing to monitor and assess the effects of the COVID 19 pandemic on their business, the ultimate impact of the COVID 19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Subsequent events

Subsequent to August 31, 2022, the Company sold franchises for 14 franchise units for total franchise fees of $ 604,875and as of November 22, 2022 and have a cash balance of $ 240,253.

Other than the matter discussed above, the Company has evaluated events subsequent to August 31, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 22, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition for additional disclosure in the financial statements.

3. INTANGIBLE ASSET

Intangible asset consists of the following:

	2022	2021	2020
ZoomRoom.com	$ 41,500	$ 41,500	$ 41,500
Accumulated amortization	(13,340)	(10,580)	(7,820)
	$ 28,160	$ 30,920	$ 33,680

Amortization expense for the year ended August 31, 2022 was $2,760.

As of August 31, 2022, the Company expects amortization of the intangible asset to be as follows:

Year ending August 31	
2023	$ 2,760
2024	2,760
2025	2,760
2026	2,760
2027 and thereafter	17,120
	$ 28,160

4. DUE TO/FROM RELATED PARTIES

Notes payable to related parties at August 31, 2022, 2021 and 2020 are summarized as follows:

	2022	2021	2020
Note payable, unsecured, to related party, noninterest bearing with monthly payments of $712, liquidated during the year ended August 2021.	$ -	$ -	$ 8,544
Note payable, unsecured, to related party, bearing interest at 3.50% to 5.50%; monthly principal and interest payments equal to $2,925, liquidated January 2021.	-	-	14,368
Note payable, unsecured, to related party, bearing interest at 7.00% to 7.50%; monthly principal and interest payments equal to $1,968, maturing July 2023.	18,853	40,416	60,896
	18,853	40,416	83,808
Less current portion	(18,853)	(21,236)	(43,067)
	$ -	$ 19,180	$ 40,741

Due from related parties

The Company loaned money to various related parties. The amounts outstanding are unsecured, non interest bearing and due upon demand. The outstanding balances at August 31, 2022, 2021 and 2020 was $828,052, $521,745 and $362,478 respectively.

Due to related parties

The Company has borrowed funds from various related parties. The amounts outstanding are unsecured, non interest bearing and due upon demand. The outstanding balances at August 31, 2022, 2021 and 2020 was $175,723, $19,180 and $40,741, respectively.

5. PAYCHECK PROTECTION PROGRAM

On April 25, 2020, the Company qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $139,168 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company.

The Company applied for and was granted forgiveness of the PPP Loan. As a result the Company accounts for the PPP Loan forgiveness using the conditional contribution model. The Company recognized revenues of $139,168 from the PPP Loan for the year ended August 31, 2020 and the amount is included in other revenue on the statement of operations.

On February 16, 2021, the Company applied for and received a second PPP loan in the amount of $149,909. The terms of this loan are the same as the PPP loan described above. The loan was forgiven during the year ended August 31, 2022 . The Company recorded it the same way as they recorded the first PPP loan.

6. ECONOMIC INJURY DISASTER LOAN (EIDL)

During fiscal year ended August 31, 2020 the Company also received $509,900 in the form of an Economic Injury Disaster Loan (EIDL) under a pre existing Small Business Administration loan program. The amount came as an advance. The terms of the unsecured loan was 30 years at an annual interest rate of 3.75%. The Company paid off the loan during the year ended August 31, 2022.

EXHIBIT E

LIST OF CURRENT AND FORMER FRANCHISEES

Current Franchisees as of August 31, 2022:

Name	Entity Name	Address	City	State	Zip Code	Phone	E-mail
Colin Elliot	Arizona Lucky Dog LLC *	7439 W Bell Rd	Peoria	AZ	85382	(623) 850-1342	colin@zoomroom.com
Ashley Vaughan / Jared Vaughan / Christy Ballou	Vaughan-Ballou Inc *	3250 Coffee Rd	Bakersfield	CA	93308	(661) 491-1210	ashley@zoomroom.com / jared@zoomroom.com / christyb@zoomroom.com
Jenna Buhagiar / Jordan Buhagiar	The Buhagiar Group LLC *	1412 El Camino Real	Belmont	CA	94002	(650) 517-3899	jenna@zoomroom.com / jordan@zoomroom.com
Vince Dydasco	Dydasco Enterprises LLC	19069 Beach Blvd	Huntington Beach	CA	92648	(808) 294-6316	dydascov@yahoo.com
Diego Halac	ZRSO, Inc. *	13618 Ventura Blvd	Sherman Oaks	CA	91423	(818) 986-1932	diego@zoomroom.com
Julie Rops	K9 Acres, Inc.	45 N Rancho Rd	Thousand Oaks	CA	91362	(805) 267-9244	julie@zoomroom.com
Sarah Sung	The Brown Bullet LLC	18521 Hawthorne Blvd	Torrance	CA	90504	(310) 570-2853	sarah@zoomroom.com
Jose Jaime Lopez, Jr / Luisa Bruno	Dognanigans, Inc.	2360 Montebello Sq Dr, Suite E	Colorado Springs	CO	80918	(719) 301-9746	jj@zoomroom.com / luisa@zoomroom.com
James Gies	CFLabrador Enterprises, Inc. *	5429 Lake Howell Road	Winter Park	FL	32792	(407) 476-6544	james@zoomroom.com
Amy Wilson / Krista Mallette	Chloe, Levi & Lola, LLC	220 Sandy Springs Circle NE, Suite 153	Sandy Springs	GA	30328	(404) 654-0215	amy@zoomroom.com / krista@zoomroom.com
Matt Reeves	MR Pawfect Savannah, Inc	11 Gateway Blvd South	Savannah	GA	31419	(912) 376-9570	matt.reeves@zoomroom.com
Jonathan Scroggs	Feed Jake, LLC	1875 N Ankeny Blvd Suite 105	Ankeny	IA	50023	(515) 207-9644	jonathan.scroggs@zoomroom.com
Jared Mease / Andrea Mease	JA&K LLC	13101 University Ave, Suite 4	Clive	IA	50325	(515) 318-7780	jaredm@zoomroom.com / andrea@zoomroom.com
KC Washburn	PennyPhan Partners, Inc.	13925 S Virginia St	Reno	NV	89511	(775) 391-0144	kc@zoomroom.com
Andrew Shoats / Kathleen Porter	Aussie Posse, LLC	2974 Kildaire Farm Rd	Cary	NC	27518	(919) 443-9064	andrew@zoomroom.com / kathleen@zoomroom.com
John Bebeau / Amanda Bebeau / Sam Siwajek	Refined Pups LLC	27072 Carronade Drive, Suite H	Perrysburg	OH	43551	(419) 931-0004	johnbebeau@zoomroom.com / amandab@zoomroom.com / sam@zoomroom.com
Mark Scholz / Kate Scholz	MarePark, Inc. *	7739 Northcross Dr Suite #H	Austin	TX	78757	(512) 371-1223	markscholz@zoomroom.com / k_scholz@zoomroom.com

Ken Mizell / Cindy Mizell	KCM Love Dogs Inc. *	3180 W Eldorado Pkwy	McKinney	TX	75070	(469) 712-6659	ken@zoomroom.com / cindy@zoomroom.com
John Van Dyke / Shannon Van Dyke	Talk To My Dog, LLC	2001 Hwy 114, Suite 200	Trophy Club	TX	76262	(817) 380-8606	jvd@zoomroom.com / shannon@zoomroom.com
Todd Stone	ZR Utah One Inc.	10665 States St	Sandy	UT	84070	(801) 882-7125	tstone@zoomroom.com
John Cotthaus	Barking Grounds, Inc.	1925 Landstown Centre Way, Suite 200	Virginia Beach	VA	23456	(757) 932-5382	john@zoomroom.com
John Jansen	Red Bandana LLC *	2111 140th Ave NE	Bellevue	WA	98005	(425) 998-8368	john.jansen@zoomroom.com
John Jansen	Blue Bandana LLC *	10004 Aurora Ave N., Suite #12	Seattle	WA	98133	(425) 998-8368	john.jansen@zoomroom.com

*Denotes that the franchisee is a Multi-Unit Developer.

List of Franchisees with Unopened Outlets as of August 31, 2022:

Name	Entity Name	City	State	Phone	E-mail
Kristen Gerzewski / Josh Mulhollan	Set Sail Limitless, LLC	Chandler	AZ	(717) 887-7692	kristen@zoomroom.com / joshm@zoomroom.com
Amit Shah / Tanya Shah	Shah ZRF, Inc.	Costa Mesa	CA	(714) 469-7069	amit@zoomroom.com / tanya@zoomroom.com
Isaac Feldman / Dania Bank	Kelfel, Inc. *	Kearny Mesa	CA	(858) 472-0482	isaac@zoomroom.com / dania@zoomroom.com
Mike Watson	Enzo Zooms, Inc.	Long Beach	CA	(562) 353-8515	mike@zoomroom.com
Kat Gonzales / Sadie Gong	Gongzales LLC	San Diego	CA	(619) 800-8133	kat@zoomroom.com / sadie@zoomroom.com
Mark Collis / Angelique Collis	MAC Dog, Inc. *	Woodland Hills	CA	(818) 732-1515	markc@zoomroom.com / angelique@zoomroom.com
David Sherman / Josh Krone	TBD	Coral Springs	FL	(954) 649-3283	david@zoomroom.com / josh@zoomroom.com
Linda Hill	ProjectK9 Inc	Naples	FL	(239) 273-9485	lindahill@zoomroom.com
Mirna Pacheco	Learning Paws Dog Training, LLC	St. Petersburg	FL	(941) 350-3185	mirnap@zoomroom.com
Janet Harrison	Janet Harrison Enterprises LLC	Tampa	FL	(813) 777-3815	janet@zoomroom.com
Michelle Salgado	TBD	Tampa	FL	(813) 598-0598	msalgado@zoomroom.com
Lori Fromm	FROMM LLC	Chicago	IL	(312) 399-6093	lori@zoomroom.com
Tim Schoenfelder / Tyler Schoenfelder	Heartland Equities Inc.	Kansas City	KS	(865) 805-5158	tim@zoomroom.com / tyler@zoomroom.com
Suzette Spitzer	Scrappy Pet Enterprises, Inc	Marlborough	MA	(508) 864-6724	suzette@zoomroom.com
Kim Elliot	MI Dog Place LLC	Berkley	MI	(248) 906-8230	kim.mi@zoomroom.com
Victoria Wilks	JV Business Holdings, LLC	St Louis	MO	(618) 791-1257	victoria@zoomroom.com
Lisa Lewis	LL Industries, LLC	Lincoln	NE	(402) 540-5985	lisa.lewis@zoomroom.com

Jessica Raiten	Jessie's 1st Dog Training, LLC	New York City	NY	(845) 649-2471	jessica.raiten@zoomroom.com
Kelly Cavanagh	Chairman Charlie Holdings, LLC	Las Vegas	NV	(702) 292-2106	kellycavanagh@zoomroom.com
Gina Costantino	GC Endeavors, Inc	Charlotte	NC	(847) 452-0088	gina@zoomroom.com
Melissa Morgal / Cierra Tabony / Hunter Tabony	TBD	Charlotte	NC	(631) 601-3629	melissa@zoomroom.com / drt@zoomroom.com / hunter@zoomroom.com
Andrew Murphy	Drfitwood Enterprises LLC	Wake Forest	NC	(571) 438-8988	amurphy@zoomroom.com
Brad Weaner / Emily Weaner	AGJ Zoom LLC	Centerville	OH	(937) 848-0223	bradw@zoomroom.com / emilyw@zoomroom.com
Lisa Poulin	Blue Otter Training, Inc *	Columbus	OH	(614) 946-5888	lisapoulin@zoomroom.com
Richard Myers / Deborah Myers	Sooners Canines, LLC	Oklahoma City	OK	(405) 642-1249	rick@zoomroom.com
Julie Thomas / Jeffrey Thomas	TBD *	Pittsburgh	PA	(412) 916-6504	julie.thomas@zoomroom.com / jeff@zoomroom.com
Dawn Farquhar / Don Farquhar	DFSquare, LLC	Highland Village	TX	(301) 653-5802	dawn@zoomroom.com / don@zoomroom.com
Elisha Ballard	Pup City, LLC *	Houston	TX	(425) 516-2562	elishaballard@zoomroom.com
Kelly Curlee	Fun With The Pack Inc.	Fort Worth	TX	(817) 240-9460	kelly@zoomroom.com
Robert Garcia / Cecilia Garcia / Billy Garcia / Thomas Garcia	Coming Up Corso, LLC	San Antonio	TX	(210) 414-9596	bobby@zoomroom.com / cecilia.garcia@zoomroom.com / billy.garcia@zoomroom.com / thomas.garcia@zoomroom.com
Shawn Poulin / Keith Dresser	Teufel Hunden Training Corp *	Arlington	VA	(202) 276-5276	spoulin@zoomroom.com / keithd@zoomroom.com
Przemyslaw (Shemeck) Piatek	Piatek LLC	Richmond	VA	(954) 612-0067	shemeck@zoomroom.com
Amanda Flichtbell	TBD	Capitol Hill	WA	(206)446-1294	amandaf@zoomroom.com
Christina McBride / Michael McBride	Lucky Paws NW, LLC	Everett	WA	(757) 339-2847	christina@zoomroom.com / mmcbride@zoomroom.com
Walker Hollrah	WAWell Heeled LLC	Tacoma	WA	(213) 248-8557	walker@zoomroom.com
Lisa Formicola	Midwest's Best Dog Training	West Allis	WI	(262) 358-8108	lisaformicola@zoomroom.com

	LLC				
Yvette Jenkins	Fox Cities Pups Inc.	Appleton	WI	(920) 716-0466	yvette@zoomroom.com

*Denotes that the franchisee is a Multi-Unit Developer.

List of Former Franchisees

The name and last known address of every franchisee who had a Zoom Room Franchised Business transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period September 1, 2021 to August 31, 2022, or who has not communicated with us within ten (10) weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Name	Entity Name	City	State	Phone
Lisa Kepple	Kepple Enterprises LLC *	Atlanta	GA	(770) 876-1816
Heather Gillihan	HanNick, Inc	Fort Worth	TX	(334) 415-5928
Kim Rollins	Ultimutt Adventures, LLC	Santa Clarita	CA	(661) 309-8489

*Signed franchise agreement but never opened franchised business.

EXHIBIT F

FRANCHISE DISCLOSURE QUESTIONNAIRE

FRANCHISE DISCLOSURE QUESTIONNAIRE

You are preparing to enter into a Zoom Room Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading. If you are a franchisee in any of the following states, please do not answer Questions 4 or 11 – 15, beginning on page F-3 below, as such questions are not applicable to you: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin.

A. Establishment of New Business. The purchase of a Zoom Room Franchised Business is primarily the purchase of a license to establish and operate a business under the Zoom Room name and trademark. You must operate the Zoom Room Franchised Business in accordance with our business format. You understand that the operation of a new business involves a number of business risks, which exist in connection with any business.

B. Ability to Operate a Zoom Room Franchised Business. The ability to operate a profitable Zoom Room Franchised Business requires some level of business and management skills and the capability of providing good customer service. Our franchisees must always provide excellence in customer service. How you treat customers is critical to the Business.

C. Importance of Your Effort. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Zoom Room Franchised Business. You understand that the success or failure of your Zoom Room Franchised Business may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as door hangers, flyer distribution, placement of advertisements in local newspapers and magazines, community, marketing, digital marketing, social media marketing, and otherwise as we recommend. Your failure to follow our Licensed Methods may have a negative effect on the Business.

D. Additional Funds and Financial Requirements. In our Franchise Disclosure Document ("FDD"), we have disclosed an estimate of the amount of additional funds that you should have available to invest in the Zoom Room Franchised Business in the start-up phase. However, no amount of investment can guarantee you will have a profitable Zoom Room Franchised Business.

E. Pricing of Products and Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for products and services sold by your Franchise. If you elect to price products and services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

F. Training and Support. We produce and distribute various training materials, programs, OSM and newsletters to our franchisees, and we facilitate the holding of local, regional and/or national conferences in order to encourage networking and exchange of ideas for the purpose of making your Zoom Room Franchised Business more profitable. While we can make recommendations and suggestions on how to improve your Zoom Room Franchised Business, it is up to you to avail yourself of and use the information and ideas we provide.

G. Competition. Each of the services you provide are provided by others and new competitors may appear at any time within your Territory although these competitors are not licensed to use our Licensed Methods or our Marks. It is also possible that another franchisee may be located near or adjacent to your Territory.

H. Taxes, Fees and Governmental Regulations. Your Zoom Room Franchised Business is a

business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

I. Complaints and Litigation. Occasionally, we may receive complaints from or be served with lawsuits by our franchisees or customers of our franchisees alleging misconduct and/or a violation of law. Adverse publicity resulting from such allegations may materially affect us and all of our franchisees, regardless of whether such allegations are true. On occasion, we will file suit against franchisees or former franchisees to enforce the terms of the franchise agreement. While we believe we have not violated any franchise laws or misled or defrauded any prospective franchisees, we cannot provide any assurance that an adverse result may not occur.

J. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Zoom Room Franchised Business. Because you are licensed to use our trade name in your operation of the Zoom Room Franchised Business, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us in the lawsuit. As a result, you must carry proper insurance on the Zoom Room Franchised Business, and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may cancel your Franchise Agreement.

K. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Zoom Room Franchised Business for an initial term of ten (10) years. At the end of the ten (10) years, if you have complied with the terms of the Franchise Agreement, you may renew your Zoom Room Franchised Business by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you may be required to turn your customer list and your telephone numbers and electronic identities, including domain names, over to us and/or you may be prohibited from operating any similar business which competes with us or our franchisees for a period of two (2) years in your Territory.

L. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

Please review each of the following questions carefully and provide responses.

1. Have you received and carefully reviewed the FDD provided to you?

☐ Yes ☐ No

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

☐ Yes ☐ No

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

☐ Yes ☐ No

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our franchise disclosure document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

☐ Yes ☐ No

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a Zoom Room Franchised Business with an attorney, accountant or other professional advisor?

☐ Yes ☐ No

6. Do you understand that the purchase of a Zoom Room Franchised Business is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your Zoom Room Franchised Business will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the Licensed Methods, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

☐ Yes ☐ No

7. Do you understand and acknowledge that we cannot guarantee the success of your Zoom Room Franchised Business or that it will ever achieve profitability?

☐ Yes ☐ No

8. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

☐ Yes ☐ No

9. Do you understand that any information concerning the revenue, profits, income or costs of a Zoom Room Franchised Business that was given to you by one of our franchisees is not information obtained from our employees or representatives, and we make no representation about the information's accuracy?

☐ Yes ☐ No

10. If you answered "No" to any of the Questions 1 thru 9, please indicate the number(s) of the questions and provide a further explanation of your answer(s) in the space provided below. If necessary, attach additional sheets.

Questions	Number	Explanation

Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a Zoom Room franchisee is not our representative for the purposes of answering these questions.

11. Other than any statements specifically provided in Item 19 of our Franchise Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a Zoom Room Franchise?

☐ Yes ☐ No

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

☐ Yes ☐ No

13. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a Zoom Room Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the FDD provided to you?

☐ Yes ☐ No

14. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a Zoom Room Franchised Business?

☐ Yes ☐ No

15. If you answered "Yes" to any of the Questions 11 thru 14, please indicate the number(s) of the question(s) and provide a further explanation of your answer(s) in the space provided. If necessary, attach additional sheets.

Question Number Explanation

You understand that your answers are important and that we will rely on them when making our decision to award you a Franchise. By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.

Date: _____

Franchisee: _____

By: _____

Title: _____

This Questionnaire does not waive any liability Zoom Room way have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

EXHIBIT G

STATE ADDENDA
AND AGREEMENT RIDERS

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE DOCUMENT, AND MULTI-UNIT DEVELOPMENT AGREEMENT FOR CERTAIN STATES FOR ZOOM ROOM FRANCHISING, LLC

The following modifications are made to the Zoom Room Franchising, LLC ("**Franchisor**," "**us**," "**we**," or "**our**") Franchise Disclosure Document ("**FDD**") given to Franchisee ("**Franchisee**," "**you**," or "**your**") and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____ (**"Franchise Agreement"**).

The following states laws may supersede provisions of the Franchise Agreement, including the areas of termination and renewal of your Franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code, Tit. 6, Ch. 25, Sections 2551-2556), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Sections 23-2-2.7 and 23-2-2.5), IOWA (Code Sections 523H.1-523H.17), MARYLAND (MD. CODE ANN., BUS. REG. §§14-201 TO 14-233 (2004 Repl. Vol.)), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5B), VIRGINIA (§§ 13.1-557 through 13.1-574 of the Code of Virginia), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03).

Depending on state law, the provisions of this State-Specific Addendum ("**State Addendum**") may apply to modify the FDD that was given to you, as well as the Franchise Agreement, and any applicable Addenda, Exhibits, Appendices, or mutually agreed modifications thereto. Specifically, this State Addendum will apply to your Franchise Agreement only if the jurisdictional requirements of a listed state's laws are met independently and without reference to this Addendum, to the Franchise Agreement, or to the FDD. For purposes of the State Addendum, the "**Franchisor's Choice of Law State**" is the state where the Zoom Room Franchised Business is located. If any inconsistency arises between the Franchise Agreement or FDD and this State Addendum, the terms of this State Addendum shall control. Nothing in this State Addendum, the FDD or Franchise Agreement should be interpreted or construed as providing an independent basis for Franchisee's assertion that any particular state law or provision applies to the FDD or Franchise Agreement that would not otherwise apply due to the jurisdictional requirements of such state law or provision.

CALIFORNIA

Item 1 of the Franchise Disclosure Document is revised to include the following under Industry-Specific Laws:

Because you collect information from customers, it may contain personal information of individuals which is protected by law You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.

Item 5 of the Franchise Disclosure Document, Section 3A of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are revised to include the following:

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

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The franchise agreement requires binding arbitration. The arbitration will occur in Los Angeles, California, or, if Franchisor's principal place of business is at another location at the time that arbitration is sought, in the city of Franchisor's principal place of business under the auspices of the American Arbitration Association ("AAA") under AAA's Commercial Arbitration Rules then in effect with the each party bearing one-half of the arbitrator's and administration expenses incurred during the arbitration process and prior to a final determination by the arbitrator; provided, however, that the prevailing party shall be entitled to recover its expenses, including reasonable attorney fees, accounting fees and arbitrator and administrative expenses, in addition to any other relief to which it is found entitled. 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 the application of the Franchisor's Choice of Law State. This provision may not be enforceable under California law.

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

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

The Franchise Agreement may provide for termination upon bankruptcy. Any such 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 provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable. The Franchise Agreement contains may contain, provisions requiring binding arbitration. The arbitration will occur at Franchisor's Choice of Law State. 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 the Franchise Agreement restricting venue to a form outside the State of California. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

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

20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

No disclaimer, questionnaire, clause or statement signed by 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.

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.

In the state of California, the highest interest rate permitted by law is ten percent (10%).

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT 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 YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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 US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

The following list reflects the status of the Franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:

   California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Virginia, Washington, Wisconsin

2. This proposed registration is or will shortly be on file in the following states:

   New York

3. States which have refused, by order or otherwise, to register these Franchises are:

   None

4. States which have revoked or suspended the right to offer the Franchises are:

   None

5. States in which the proposed registration of these Franchises has been withdrawn are:

   None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD and the Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void." The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act."

Item 17.w, Choice of Law, of the FDD is revised to include the following: "provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act".

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

Franchisor has provided an in depth, lengthy Financial Performance Representation in Item 19. Make sure to review these numbers with an attorney.

Intending to be legally bound, Franchisor and Franchisee sign and deliver this Addendum effective on the date of the Agreement.

FRANCHISOR

BY:_____

Name:_____

Title:_____

Date:_____

FRANCHISEE (If an Individual):

BY:_____

Name:_____

Title: _____

Date:_____

If a corporation, limited liability company or partnership

Name of corporation, limited liability company or partnership:

_____

By:_____

Print Name:_____

Title:_____

INDIANA

Item 13 of the FDD is amended to add the following:

> Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

> Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
>
> Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

> No competing business for two (2) years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

> Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The "Summary" column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

> Litigation regarding Franchise Agreement in Indiana; other litigation in the Franchisor's Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The "Summary" column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

> Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor's Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor's Choice of Law State law, if such provisions are in conflict with Indiana law.

2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.

3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).

5. The following provision will be added to the Franchise Agreement:

> No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND SUPPLEMENTAL AGREEMENTS

Item 5 of the FDD, the Franchise Agreement, and the Multi-Unit Development Agreement are revised to include the following:

Item 17 of the FDD and the Franchise Agreement are amended to state: "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."

Representations in the Franchise Agreement 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.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and/or Multi-Unit Development Agreement are amended to state that the franchise agreement and/or multi-unit development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law.

In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

The Franchise Agreement and franchisee questionnaire are amended to state that 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.

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.).

MICHIGAN

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

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

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

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

(c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us, and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five (5) years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

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

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

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

(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J. prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.

4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.

7. The following language will appear as a new paragraph of the Franchise Agreement:

   > No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

   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 to 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

Sections of the FDD or the Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD or the Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Sections of the FDD or the Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Any sections of the FDD or the Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

OHIO

The following language will be added to the front page of the Franchise Agreement:

READ THIS CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any other business opportunity plan. If you have any questions about this plan, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials_____ Date_____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Zoom Room Franchising, LLC, at 11836 Teale Street, Culver City, California 90230, or an email to Zoom Room Franchising, LLC at admin@zoomroom.com, not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____ By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

SOUTH DAKOTA

Intentionally left blank.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

> "Pursuant to 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 franchisee under the Franchise, that provision may not be enforceable."

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Zoom Room Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

> Additional Disclosure. The following statements are added to Item 8 and Item 17.h.
>
> Pursuant to 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 does 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.

WASHINGTON

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Agreement, and Related Agreements

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. The FDD, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

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 involving a franchise purchased in Washington, the arbitration site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator at the time of arbitration. 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. The FDD, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

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. The FDD, the Franchise Agreement and the Multi-Unit Development are amended accordingly.

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.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20____.

_____	_____
FRANCHISOR	FRANCHISEE

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document and the Franchise Agreement are amended accordingly.

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Disclosure Document.

☐	California	☐	Michigan	☐	Rhode Island
☐	Hawaii	☐	Minnesota	☐	South Dakota
☐	Illinois	☐	New York	☐	Virginia
☐	Indiana	☐	North Dakota	☐	Washington
☐	Maryland	☐	Ohio	☐	Wisconsin

Dated: _____

FRANCHISOR:

ZOOM ROOM FRANCHISING, LLC

By: _____

Title: _____

FRANCHISEE:

_____

_____

By: _____

Title: _____

EXHIBIT H

CONTRACTS FOR USE WITH THE ZOOM ROOM FRANCHISED BUSINESS

The following contracts contained in **Exhibit H** are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Zoom Room Franchised Business. The following are the forms of contracts that Zoom Room Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked "Sample," they are subject to change at any time.

EXHIBIT H-1

ZOOM ROOM FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Zoom Room Franchising, LLC, a Colorado limited liability company ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate a Zoom Room business;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee **(enter into a successor franchise agreement)**, and Franchisor has consented to such transfer **(agreed to enter into a successor franchise agreement)**; and

WHEREAS, as a condition to Franchisor's consent to the transfer **(Franchisee's ability to enter into a successor franchise agreement)**, Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **(Franchisor entering into a successor franchise agreement)**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. The undersigned represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of California.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

_____

By: _____

Name: _____

Its: _____

Date _____

FRANCHISEE'S OWNERS:

_____
Signature

_____
Typed or Printed Name

****The provisions of this Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**

EXHIBIT H-2

ZOOM ROOM FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Zoom Room Franchising, LLC, a Colorado limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Competitive Business*" means any business that provides pet obedience and agility training and social events for dogs and their owners, and other related services. A Competitive Business does not include a Zoom Room business operating pursuant to a franchise agreement with us.

"*Copyrights*" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Zoom Room business or the solicitation or offer of a Zoom Room franchise, whether now in existence or created in the future.

"*Franchisee*" means the Zoom Room franchisee for which you are an officer, director, employee, or independent contractor.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Zoom Room business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Zoom Room business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Zoom Room business, including "ZOOM ROOM," and any other trademarks, service marks, or trade names that we designate for use by a Zoom Room business. The term "Marks" also includes any distinctive trade dress used to identify a Zoom Room business, whether now in existence or hereafter created.

"*Prohibited Activities*" means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees) including by the provision of such goods and services which are ancillary to, or reasonably related to, those that we provide or may provide in the future regardless of whether we are then offering for sale such goods and services; and/or (iii) inducing: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

"*Restricted Period*" means the two (2) year period after you cease to be a manager of Franchisee's Zoom Room business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the "Restricted Period" means such shorter period as such court deems reasonable.

"Restricted Territory" means the geographic area within: (i) a 25-mile radius from Franchisee's Zoom Room business (and including the premises of the Dog Training Gym); and (ii) a 25-mile radius from all other Zoom Room businesses that are operating or under construction as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the "Restricted Territory" means the geographic area within a 20-mile radius from Franchisee's Zoom Room business (and including the premises of the Dog Training Gym).

"System" means our system for the establishment, development, operation, and management of a Zoom Room business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an officer, director, or manager of Franchisee. As a result of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our entire Franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Zoom Room business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager of Franchisee's Zoom Room business. You further agree that you will not use the Intellectual Property for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager of Franchisee's Zoom Room business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Zoom Room franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of the state where the Zoom Room business is located, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT H-3

ZOOM ROOM FRANCHISE
SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of Zoom Room Franchising, LLC, a Colorado limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

"*Copyrights*" means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow Zoom Room franchisees to use, sell, or display in connection with the marketing and/or operation of a Zoom Room Franchised Business, whether now in existence or created in the future.

"*Franchisee*" means the Zoom Room franchisee for which you are an officer, director, employee, or independent contractor.

"*Intellectual Property*" means, collectively or individually, our Marks, Copyrights, Know-how, and System.

"*Know-how*" means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Zoom Room Franchised Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

"*Manual*" means our confidential operations manual for the operation of a Zoom Room Franchised Business.

"*Marks*" means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Zoom Room Franchised Business, including "ZOOM ROOM" and any other trademarks, service marks, or trade names that we designate for use by a Zoom Room Franchised Business. The term "Marks" also includes any distinctive trade dress used to identify a Zoom Room Franchised Business, whether now in existence or hereafter created.

"*System*" means our system for the establishment, development, operation, and management of a Zoom Room Franchised Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

"*Zoom Room Franchised Business*" means a business that provides obedience and agility training, solution-oriented pet retail products, social events for dogs and their owners, and other related services and products using our Intellectual Property.

2. Background. You are an employee, independent contractor, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Zoom Room Franchised Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies

of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer an officer, director, employee, or independent contractor of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Know-how to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Zoom Room franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

7. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of California, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

(Signatures on following page)

EXECUTED on the date stated below.

Date_____ _____

Signature

_____

Typed or Printed Name

EXHIBIT H-4

ZOOM ROOM FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("**Agreement**") is entered into _____ _____, between Zoom Room Franchising, LLC ("**Franchisor**"), _____ ("**Former Franchisee**") and _____ ("**New Franchisee**").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____ ("**Franchise Agreement**"), in which Franchisor granted Former Franchisee the right to operate a Zoom Room Franchised Business located at _____ ("**Franchised Business**"); and

WHEREAS, Former Franchisee desires to assign ("**Requested Assignment**") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the mutual execution of this Agreement by all parties and the satisfaction of all conditions set forth in this Agreement. Franchisor waives its right of first refusal set forth in the Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Franchise Agreement.

2. Termination of Rights to the Franchised Business. The parties acknowledge and agree that all of Former Franchisee's rights to operate the Franchised Business and rights under the Franchise Agreement are hereby relinquished and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business. Former Franchisee and its owners agree to comply with all of the covenants in the Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement, which is attached to this Agreement as Attachment A.

3. New Franchise Agreement. New Franchisee shall execute Franchisor's current form of Franchise Agreement and attachments for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), which is attached to this Agreement as Attachment B, and any other required contracts for the operation of a Zoom Room Franchised Business as stated in Franchisor's Franchise Disclosure Document.

4. Payment of Initial Franchise Fee. New Franchisee shall pay to Franchisor the current initial franchise fee upon the execution of Franchisor's current form of Franchise Agreement, as required under the Franchise Agreement.

5. Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three (3) year period following the execution of this Agreement.

6. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of a new franchise agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Franchisee and shall not involve Franchisor.

7. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Franchise Agreement or Franchised Business. Buyer hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the new Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

8. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

9. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Franchise Agreement.

10. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

11. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(Signatures on following page)

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

ZOOM ROOM FRANCHISING, LLC

By: _____

Title: _____

FORMER FRANCHISEE:

_____

By: _____

Title: _____

NEW FRANCHISEE:

_____

By: _____

Title: _____

EXHIBIT H-5-A

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("**Assignor**") hereby assigns and transfers to ZOOM ROOM FRANCHISING, LLC, a Colorado limited liability company, with its principal place of business address at 11836 Teale Street, Culver City, CA 90230 ("Assignee"), all of Assignor's right, title, and interest as tenant in, to, and under that certain lease, a copy of which is attached hereto as Schedule 1 (the "**Lease**") respecting premises commonly known as _____ _____ (the "**Premises**").

This Collateral Assignment of Lease ("**Assignment**") is for collateral purposes only, and except as specified herein, Assignee has no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or Lease unless: (i) Assignee provides express, written notice to both Assignor and the landlord of the Premises under the Lease that Assignee is assuming all of Assignor's rights, title, and interest under the Lease pursuant to this Assignment; and (ii) Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof, and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Franchised Business between Assignee and Assignor (the "**Franchise Agreement**"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, or upon expiration or termination of the Franchise Agreement or this Assignment, Assignee has the right, and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor will have no further right, title, or interest in the Lease. Assignor hereby authorizes the Lessor to disclose to Assignee, upon its request, sales and other information furnished to the Lessor by Assignor.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it must elect and exercise all options to extend the term of or renew the Lease not less than 120 days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place, and stead of Assignor for the purpose of effecting such extension or renewal.

[The rest of this page is intentionally left blank – Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Conditional Assignment on the day and year first above written.

ASSIGNOR:

_____

By:_____
Name:_____
Its:_____

EXHIBIT H-6

SBA ADDENDUM TO
ZOOM ROOM FRANCHISING, LLC
FRANCHISE AGREEMENT

This ADDENDUM TO ZOOM ROOM FRANCHISING, LLC FRANCHISE AGREEMENT (the "Addendum") is made and entered into on _____, by and between Zoom Room Franchising, LLC, a Colorado limited liability company located at 11836 Teale Street, Culver City, CA 90230 ("Franchisor") and _____, a _____ located at _____ ("Franchisee").

RECITALS:

Franchisor and Franchisee entered into a Franchise Agreement on _____ (the "Franchise Agreement"). Franchisee agreed, among other things, to operate and maintain a franchise located at _____ designated by Franchisor as Unit #____. Franchisee has obtained from a lender a loan (the "Loan") in which funding is provided with the assistance of the United States Small Business Administration (the "SBA"). The SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured as of the date hereof.

2. Section 11G of the Franchise Agreement provides that Franchisor (or any third-party assignee of Franchisor) may elect pursuant to its right of first refusal to exercise said option when Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that Franchisor (or any third-party assignee of Franchisor) will not exercise the option for any partial sale of Franchisee's business. Franchisor (or any third-party assignee of Franchisor) may not become a partial owner of any SBA-financed franchises. Notwithstanding anything to the contrary in Section 14B of the Franchise Agreement, neither Franchisor nor its affiliates will have the option to purchase any real estate owned by Franchisee. Franchisor may lease the real estate for the remainder of Franchisee's term (excluding renewals) for fair market value.

3. If Franchisor must operate the business under Sections 11E or 13E of the Franchise Agreement, Franchisor will operate the business for up to a ninety (90)-day renewable term, renewable as necessary for up to one (1) year, and Franchisor will periodically discuss the status with Franchisee or its heirs.

4. Under Section 11B of the Franchise Agreement, Franchisee's SBA lender will be granted a security interest in the business assets of Franchisee as may be required by Franchisee's loan authorization.

5. Section 14B of the Franchise Agreement is amended so that Franchisee is given the option to decide, in its sole discretion, whether to sell its real estate to Franchisor or any of its affiliates, as the case may be, upon termination or expiration of the Franchise Agreement. Upon termination of the Franchise Agreement, Franchisor may have the option to lease for the remainder of Franchisee's term (excluding additional renewals) for fair market value.

6. Notwithstanding anything in the contrary in Section 18A of the Franchise Agreement, Franchisor will not unreasonably withhold its consent if Franchisee pledges a superior security interest in any SBA-financed loan to Franchisee's lender.

7. The right of Franchisor to assume Franchisee's lease referenced in Sections 2B and 14C of the Franchise Agreement may not be recorded against the real estate. Any recording done in contravention of this Addendum must be subordinated to any SBA-financed loan and may not include any attornment language.

8. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum to Zoom Room Franchising, LLC Franchise Agreement as of the day and year first above written.

FRANCHISOR:

ZOOM ROOM FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____

By: _____

Name: _____

Title: _____

EXHIBIT H-7

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee E-mail Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Zoom Room Franchising, LLC ("**Franchisor**") to initiate debit entries to Franchisee's account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

FRANCHISEE:

Signature: _____
Name: _____
Title: _____
Date: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.

EXHIBIT I

MULTI-UNIT DEVELOPMENT AGREEMENT

ZOOM ROOM FRANCHISING, LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

Multi-Unit Developer: _____

Date: _____

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ATTACHMENTS:

Attachment A:	Multi-Unit Development Data Sheet
Attachment B:	Development Schedule
Attachment C:	Statement of Ownership

ZOOM ROOM FRANCHISING, LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement ("**Agreement**") is made and entered into on the date set forth in **Attachment A** ("**Effective Date**") by and between Zoom Room Franchising, LLC, a Colorado limited liability company ("**ZRF**"), with a principal business address at 11836 Teale Street, Culver City, California 90230 and that certain Multi-Unit Developer identified in **Attachment A** to this Agreement ("**Multi-Unit Developer**").

WITNESSETH:

WHEREAS, ZRF holds the exclusive franchise rights relating to the establishment, development, and operation of Zoom Room businesses ("**Zoom Room Franchise**");

WHEREAS, in addition to this Multi-Unit Development Agreement, ZRF and Multi-Unit Developer have entered into a Franchise Agreement ("**Initial Franchise Agreement**") for the right to establish and operate a single Zoom Room franchised business ("**Initial Business**"); and

WHEREAS, Multi-Unit Developer desires to acquire the right to establish and operate additional Zoom Room Franchises under the development schedule described in **Attachment B** ("**Development Schedule**") and pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other party set forth herein, hereby mutually agree as follows:

1. GRANT

1.1 ZRF hereby grants to Multi-Unit Developer the right to establish and operate the number of Zoom Room Franchises indicated in Section 1 of **Attachment B**. Each Zoom Room Franchise shall be operated according to the terms of the individual franchise agreement ("**Franchise Agreement**") signed before Multi-Unit Developer is permitted to look for a location from which to operate the Zoom Room Business.

1.2 ZRF reserves all rights not expressly granted under this Agreement, including the right to otherwise act in the manner permitted in any Franchise Agreement. Upon the expiration or termination of this Agreement, the Multi-Unit Developer will no longer have any rights other than the territory granted with each Zoom Room Franchise pursuant to the terms of each Franchise Agreement. The rights granted under this Agreement shall automatically terminate on Multi-Unit Developer's failure to adhere to the Development Schedule or upon the expiration or termination of this Agreement.

1.3 This Agreement is not a franchise agreement and Multi-Unit Developer shall have no right to use in any manner the Zoom Room trademarks or franchise system by virtue hereof. Each Zoom Room Franchise will be governed by the individual Franchise Agreement(s) signed by ZRF and Multi-Unit Developer, or its affiliate, for each Zoom Room Franchise.

1.4 The Multi-Unit Developer must own at least a fifty-one percent (51%) equity interest in the franchisee for each Zoom Room Franchise developed hereunder. In addition, Multi-Unit Development shall ensure that a person ("**Designated Business Manager**") shall at all times devote his or her full time and attention to managing, supervising, and developing each Zoom Room Franchise and that the person is at all times identified to ZRF. The Designated Business Manager does not need to have an

equity interest in either Multi-Unit Developer or any individual Zoom Room Franchise. Multi-Unit Development shall identify all equity owners of Multi-Unit Developer by completing the Statement of Shareholders/Members/Partners attached to this Agreement as **Attachment C**. Multi-Unit Developer shall provide ZRF with an updated form of **Attachment C** within ten (10) business days of any change in the equity ownership of Multi-Unit Developer. The failure of Multi-Unit Developer to provide ZRF with an updated **Attachment C** within the time frame specified in this Section 1.4 shall constitute a material default of this Agreement.

2. TERM

Unless sooner terminated pursuant to the provisions of Section 7, the term of this Agreement shall expire upon the earlier of: (a) the Termination Date listed on Section 2 of **Attachment B**; or (b) completion of the obligations of the Development Schedule.

3. MULTI-UNIT DEVELOPMENT FEE

Upon the execution of this Agreement, Multi-Unit Development must pay a "**Multi-Unit Development Fee**", as follows:

Number of Zoom Franchises	Multi-Unit Development Fee
3	$120,000
4 or more	$36,000 per Zoom Room Franchise

Multi-Unit Developer's actual Multi-Unit Development Fee is set forth in **Attachment A**. The Multi-Unit Development Fee shall be deemed fully earned immediately upon signing the Multi-Unit Development Agreement and shall be non-refundable, regardless of whether Multi-Unit Development opens any of the Zoom Room Franchises it is obligated to open. Multi-Unit Developer will not be required to pay a separate Initial Franchise Fee for any Zoom Room Franchise opened under the terms of this Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Multi-Unit Developer shall exercise the development rights granted under this Agreement only by entering into a separate Franchise Agreement with ZRF for each Zoom Room Franchise for which a development right is granted. The Initial Franchise Agreement, for the first Zoom Room Franchise to be developed by Multi-Unit Development under this Agreement, shall be executed and delivered, concurrently with the execution and delivery of this Agreement. All subsequent Zoom Room Franchises developed under this Agreement shall be established and operated pursuant to the form of Franchise Agreement then being used by ZRF for a Zoom Room Franchise. Multi-Unit Developer acknowledges and agrees that the then-current form of Franchise Agreement may materially differ from the Initial Franchise Agreement.

4.2 Development Schedule.

(a) Acknowledging that time is of the essence, Multi-Unit Developer agrees to exercise its development rights according to Section 4.1, and in strict compliance with the Development Schedule set forth on **Attachment B**, which Multi-Unit Developer acknowledges designates the number of Franchise Agreements that must be executed upon the expiration of each of the designated development periods ("**Development Periods**") for the operation of Zoom Room Franchises.

(b) Multi-Unit Developer shall open each Zoom Room Franchise in accordance with the terms of the individual Franchise Agreement signed for that specific Zoom Room Franchise location and shall execute the Franchise Agreements in accordance with the Development Schedule set forth on **Attachment B**.

(c) Failure by Multi-Unit Development to adhere to the Development Schedule shall constitute a material breach under this Agreement.

5. LOCATION OF ZOOM ROOM FRANCHISES

The location of each Zoom Room Franchise shall be selected in accordance with the terms set forth in each Franchise Agreement signed by Multi-Unit Developer.

6. FRANCHISE AGREEMENT

Multi-Unit Developer shall not negotiate a lease, or commence any action towards opening a Zoom Room Franchise until, among other things, the individual Franchise Agreement for that Zoom Room Franchise has been signed by both the Multi-Unit Developer and ZRF.

7. DEFAULT AND TERMINATION

7.1 Multi-Unit Developer will be in default of this Agreement if it (or its authorized affiliate(s)): (a) fails to comply with the Development Schedule; (b) fails to perform any of its obligations under this Agreement or any individual Franchise Agreement; or (c) fails to comply with the provisions on transfer contained herein. Upon default, ZRF shall have the right, at its option, and in its sole discretion, to terminate this Agreement, or to exercise any and all other remedies provided in this Agreement or available under the law.

7.2 This Agreement shall automatically terminate upon the death or permanent disability of Multi-Unit Developer or any controlling principal of Multi-Unit Developer ("**Controlling Principal**") who owns all or a part of the controlling interest ("**Controlling Interest**") in Multi-Unit Developer. The term "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days, and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent Disability shall be determined by a licensed practicing physician selected by ZRF, upon examination of the person. If the person refuses to submit to an examination, such person shall automatically be deemed Permanently Disabled as of the date of such refusal for the purpose of this Section 7.2. The costs of any examination required by this Section 7.2 shall be paid by ZRF. Upon the death or claim of Permanent Disability of Multi-Unit Developer or any Controlling Principal who owns all or a part of the Controlling Interest in Multi-Unit Developer, Multi-Unit Developer or a representative of Multi-Unit Developer must

promptly notify ZRF of such death or claim of Permanent Disability within fifteen (15) days of its occurrence.

7.3 In addition, if any individual Franchise Agreement issued to Multi-Unit Developer or authorized affiliate of Multi-Unit Developer, whether or not issued pursuant to this Agreement, is terminated for any reason, ZRF shall have the right to terminate this Agreement on immediate written notice to Multi-Unit Developer. Upon termination or expiration of the term of this Agreement, this Agreement shall be of no further effect. For purposes of this Section 7.3, any Franchise Agreement issued by ZRF to Multi-Unit Development or its authorized affiliates, or any corporation, partnership, or joint venturer, or their affiliates, in which Multi-Unit Development or any stockholder, partner, or joint venturer of Multi-Unit Developer, has any direct or indirect ownership or participation interest, shall be deemed a Franchise Agreement issued to Multi-Unit Developer.

8. ASSIGNMENT

8.1 ZRF shall have the absolute right to transfer or assign all or any part of its rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement, and ZRF shall thereby be released from any and all further liability to Multi-Unit Developer.

8.2 Multi-Unit Developer may not assign this Agreement or any rights in this Agreement without the advanced written consent of ZRF, which ZRF has the right to grant or deny for any reason or no reason.

8.3 Notwithstanding Section 8.2 of this Agreement, upon the death or disability of Multi-Unit Developer (if an individual) or of any person with a controlling interest in Multi-Unit Developer or this Agreement, the executor or administrator of the estate of such person, or the personal representative of such person, shall (i) within fourteen (14) days after such death or mental incapacity, propose a successor ("**Successor**") to receive assignment of such person's interest in the Multi-Unit Developer or this Agreement to ZRF for approval, and, provided ZRF approves the Successor, (ii) within sixty (60) days after such death or mental incapacity, transfer such interest to the Successor. The term "disability" means a total mental or physical disability, impairment, or condition that actually does prevent Multi-Unit Developer from performing its obligations under this Agreement.

8.4 If a Successor is not proposed or if Multi-Unit Developer's interest in Multi-Unit Developer or this Agreement is not transferred within the time periods set forth in Section 8.3, this Agreement will automatically terminate upon written notice to Multi-Unit Developer (or, if Multi-Unit Developer is an individual, to the executor or administrator of the estate of such person or the personal representative of such person). Upon termination of this Agreement pursuant to this Section 8.4, ZRF will provide a refund to Multi-Unit Developer (or, if Multi-Unit Developer is an individual, to the estate of such person) on a pro-rated basis based on the number Zoom Room Franchises yet to be developed as of the date of termination, less any commissions or fees ZRF already paid in relation to this Agreement.

9. FORCE MAJEURE

In the event that Multi-Unit Developer is unable to comply with the Development Schedule due to war, failure to supply, fire, natural catastrophe, or other similar events beyond its control, and upon notice to ZRF, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed ninety (90) days.

10. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties and shall not be modified except by a written agreement signed by the parties hereto. However, nothing in this Agreement or any related agreement is intended to disclaim ZRF's representations made in the Franchise Disclosure Document. Where this Agreement and any Franchise Agreement between the parties conflict with respect to the payment terms of Initial Franchise Fees or equity interests held by the Multi-Unit Developer or operating partners, the terms of this Agreement shall govern. Under no circumstances do the parties intend that this Agreement be interpreted in a way as to grant Multi-Unit Developer any rights to grant sub-franchises.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 It is acknowledged and agreed that Multi-Unit Developer and ZRF are independent contractors and nothing contained herein shall be construed as constituting Multi-Unit Developer as the agent, partner, or legal representative of ZRF for any purpose whatsoever. Multi-Unit Developer shall enter into contracts for the development contemplated by this Agreement at its sole risk and expense, and shall be solely responsible for the direction, control, and management of its agents and employees. Multi-Unit Developer acknowledges that it does not have authority to incur any obligations, responsibilities, or liabilities on behalf of ZRF, or to bind ZRF by any representations or warranties, and agrees not to hold itself out as having this authority.

11.2 Multi-Unit Developer agrees to protect, defend, indemnify, and hold ZRF harmless from and against all claims, actions, proceedings, damages, costs, expenses, and other losses and liabilities, directly or indirectly incurred as a result of, arising from, out of, or in connection with Multi-Unit Developer's carrying out its obligations hereunder.

12. SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their heirs, successors, permitted assigns, and personal representatives.

13. APPLICABLE LAW

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.) or other federal law, this Agreement shall be interpreted under the laws of the State of California and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the State of California, which laws shall prevail in the event of any conflict of law; provided, however, the parties expressly agree that this Agreement is not intended to confer on any franchisee that is not a resident of the State of California the benefit of the California Franchise Investment Law, the California Franchise Relations Law, or any other California law providing specific protection to franchisees residing in the State of California. Multi-Unit Developer and ZRF have negotiated regarding a forum in which to resolve any disputes that may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Multi-Unit Developer, its officers, directors, managers or partners (collectively, "**Multi-Unit Developer Affiliates**"), and ZRF, its parent, subsidiaries or affiliates and their respective officers, directors and sales employees (collectively, "**ZRF Affiliates**"), the parties agree that the exclusive venue for disputes between them shall be in the state and federal courts of California or the Los Angeles office of the AAA and each party waives any objection it may have to the personal jurisdiction of or venue in the state and federal courts of California or the Los

Angeles, California office of the AAA. ZRF, ZRF Affiliates, Multi-Unit Developer and Multi-Unit Developer Affiliates each waive their rights to a trial by jury.

14. ZRF'S EXERCISE OF BUSINESS JUDGMENT

Multi-Unit Developer acknowledges and agrees that the long-term interests of the network of Zoom Room Franchised Businesses, and ZRF and its owners, taken together, require that ZRF has the latitude to make business decisions ("**Business Judgment**") with respect to the franchise system. The ultimate responsibility to exercise Business Judgment to make decisions with respect to the system and the system standards is vested in ZRF because ZRF, Multi-Unit Developer and all Zoom Room franchisees have a collective interest in working within a franchise system that can quickly adjust to changing business conditions, including changes in the competitive environment, new laws and regulations, and emerging business opportunities. ZRF has this right even if, at times, a particular decision adversely affects Multi-Unit Developer. Multi-Unit Developer further acknowledges and agrees ZRF will not be required to consider Multi-Unit Developer's particular economic or other circumstances or to disregard ZRF's own economic or other business interest when making decisions under this Agreement

15. NOTICE

Whenever this Agreement requires notice, it shall be in writing and shall be sent by registered or certified mail, return receipt requested, to the other party at the addresses set forth below, unless written notice is given of a change of address.

All notices to Multi-Unit Developer shall be conclusively deemed to have been received by Multi-Unit Developer upon the delivery or attempted delivery of this notice to Multi-Unit Developer's address listed herein, or the changed address.

Notices to ZRF: **Zoom Room Franchising, LLC**
11836 Teale Street
Culver City, California 90230
Attn: Mark Van Wye

Notice to Multi-Unit Developer: Notice address listed in **Attachment A**

16. MEDIATION AND ARBITRATION

16.1 The parties agree that all controversies, claims, and disputes between them arising out of or relating to this agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the performance of either party, and/or the purchase of the development rights by Multi-Unit Developer shall be submitted first to mediation prior to being finally resolved by submitting this matter to binding arbitration. Mediation and binding arbitration shall take place in Los Angeles, California (or ZRF's then-current headquarters) under the auspices of, and using the commercial mediation or arbitration rules of the American Arbitration Association ("**AAA**").

16.2 Multi-Unit Developer may not commence any action against ZRF or ZRF's affiliates with respect to any such claim or dispute in any court unless mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by ZRF. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by AAA and the mediator's fees. ZRF reserves the right to specifically enforce its right to mediation. Prior to mediation, and before

commencing any legal action against ZRF or ZRF's affiliates with respect to any such claim or dispute, Multi-Unit Developer must submit a notice to ZRF which specifies in detail the precise nature and grounds of such claim or dispute. ZRF shall not be required to first attempt to mediate or arbitrate a controversy, dispute, or claim against Multi-Unit Developer through mediation or arbitration as set forth in this Section 16 if such controversy, dispute, or claim concerns an allegation by ZRF that Multi-Unit Developer has violated (or threatens to violate, or pose an imminent risk of violating) any of ZRF's federally protected intellectual property rights in the trademarks, or in any of ZRF's trade secrets or confidential information. Each party shall agree on one (1) arbitrator selected from a panel of neutral arbitrators provided by AAA, and the arbitrator shall be chosen by the striking method. In accordance with the terms of the Federal Arbitration Act, the sole arbitrator shall hear the dispute in the AAA offices nearest to Los Angeles, California or ZRF's current headquarters at the time of arbitration. Each party shall bear its own costs and attorney fees and one-half (1/2) of the arbitrator's expenses. The arbitrator shall have no authority to amend or modify the terms of this Agreement or any individual Franchise Agreement. Each party further agrees that, unless a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The decision of the arbitrator shall be final and binding. The Multi-Unit Developer acknowledges, understands, and agrees that it is the intent of the parties that any arbitration between ZRF and the Multi-Unit Developer's shall be of the Multi-Unit Developer's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis, and Multi-Unit Development hereby waives any right it may assert to have its claims arbitrated in conjunction with the claims of other Multi-Unit Developers or franchisees or on a class-wide basis.

16.3 Notwithstanding any provision contained in this Section 16, ZRF may, at its sole option, institute an action or actions for temporary or preliminary injunctive relief or seeking any other temporary or permanent equitable relief against the Multi-Unit Developer that may be necessary to protect its trademarks or other rights or property. However, the final right of determination of the ultimate controversy, claim, or dispute shall be decided by arbitration as aforesaid and recourse to the courts shall thereafter be limited to seeking an order to enforce an arbitral award. In no event shall the Multi-Unit Developer be entitled to make, the Multi-Unit Developer shall not make, and the Multi-Unit Developer hereby waives, any claim for money damages by way of set-off, counterclaim, defense, or otherwise based upon any claim or assertion by the Multi-Unit Developer that ZRF has unreasonably withheld or unreasonably conditioned or delayed any consent or approval to a proposed act by the Multi-Unit Developer under any of the terms of this Agreement. The Multi-Unit Developer's sole remedy for any claim shall be an action or proceeding to enforce any provisions for specific performance or declaratory judgment.

17. ACKNOWLEDGEMENTS

17.1 Multi-Unit Developer acknowledges and recognizes that different terms and conditions, including different fee structures, may pertain to different agreements offered in the past, contemporaneously herewith, or in the future, and that ZRF does not represent that all Multi-Unit Developer Agreements or franchise agreements are or will be identical.

17.2 Multi-Unit Developer acknowledges that it is not, nor is it intended to be, a third party beneficiary of this Agreement or any other agreement to which ZRF is a party.

17.3 Multi-Unit Developer represents to ZRF that it has the business acumen, corporate authority, and financial wherewithal to enter into this Agreement and to perform all of its obligations hereunder, and furthermore, that the execution of this Agreement is not in contravention of any other written or oral obligation of the Multi-Unit Developer.

17.4 Multi-Unit Developer acknowledges and agrees to the following:

The success of the Multi-Unit Developer in managing and operating multiple Zoom Room Franchises is speculative and will depend on many factors including, to a large extent, Multi-Unit Developer's independent business ability. Multi-Unit Developer has been given the opportunity and been encouraged to obtain independent advice from legal and other professionals before entering into this Agreement. This offering is not a security as that term is defined under applicable Federal and State securities laws. The obligation to train, manage, pay, recruit, and supervise employees of the Zoom Room Franchises rests solely with Multi-Unit Developer. Multi-Unit Developer has not relied on any warranty or representation, expressed or implied, as to the potential success or projected income of the business venture contemplated hereby. No representations or promises have been made by ZRF to induce Multi-Unit Developer to enter into this Agreement except as specifically included herein. ZRF has not made any representation, warranty or guaranty, express or implied, as to the potential revenues, profits, or services of the business venture to Multi-Unit Developer and cannot, except under the terms of this Agreement, exercise control over Multi-Unit Developer's business. Multi-Unit Developer acknowledges and agrees that it has no knowledge of any representation made by ZRF or its representatives of any information that is contrary to the terms contained herein.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

ZRF:

ZOOM ROOM FRANCHISING, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

_____
a(n) _____

By: _____
Name: _____
Title: _____

ATTACHMENT A

MULTI-UNIT DEVELOPER DATA SHEET

1. Effective Date. The Effective Date set forth in the introductory Paragraph of the Multi-Unit Development Agreement is: _____, 20___.

2. Multi-Unit Developer. The Multi-Unit Developer set forth in the introductory Paragraph of the Multi-Unit Development Agreement is:

_____
_____.

3. Notice Address. The notice address for Multi-Unit Developer set forth in Section 15 of the Multi-Unit Development Agreement is:

Attn: _____
_____
_____
_____

4. Multi-Unit Development Fee. Multi-Unit Developer shall pay to ZRF a Multi-Unit Development Fee equal to _____ Thousand Dollars ($_____,000.00), pursuant to Section 3 of the Multi-Unit Development Agreement for _____ Zoom Room Franchises.

ZRF:

ZOOM ROOM FRANCHISING, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

_____
a(n) _____

By: _____
Name: _____
Title: _____

ATTACHMENT B

DEVELOPMENT SCHEDULE

1. Number of Zoom Room Franchises to be developed under the Multi-Unit Development Agreement (including the Initial Zoom Room Franchise): _____

2. The termination date of the Multi-Unit Development Agreement shall be the earlier of: (a) the date the Development Schedule is complete; or (b) _____, 20___.

3. Development Schedule.

Zoom Room Business	Franchise Agreement Execution Deadline	Projected Opening Date
1	Date of execution of this Area Development Agreement	
2		
3		
4		
5		

4. The territory to be developed by the Developer is as depicted on the attached territory map ("Development Territory").

(SIGNATURE PAGE FOLLOWS)

ZRF:

ZOOM ROOM FRANCHISING, LLC,
a Colorado limited liability company

By: _____
Name: _____
Title: _____

MULTI-UNIT DEVELOPER:

_____
a(n) _____

By: _____
Name: _____
Title: _____

ATTACHMENT C

STATEMENT OF OWNERSHIP

Multi-Unit Developer: _____

Trade Name (if different from above): _____

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.):

Members, Stockholders, Partners:

Use additional sheets if necessary. Any and all changes to the above information must be reported to ZRF in writing.

(Signature on following page)

MULTI-UNIT DEVELOPER:

_____

a(n) _____

By: _____

Name: _____

Title: _____

EXHIBIT J

STATE EFFECTIVE DATES AND RECEIPTS

STATE EFFECTIVE DATES

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

This 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	January 9, 2023
HAWAII	
ILLINOIS	December 1, 2022
INDIANA	
MARYLAND	
MICHIGAN	December 23, 2022
MINNESOTA	December 19, 2022
NEW YORK	
NORTH DAKOTA	
RHODE ISLAND	December 16, 2022
SOUTH DAKOTA	
VIRGINIA	December 6, 2022
WASHINGTON	January 5, 2023
WISCONSIN	December 1, 2022

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
(Retain This Copy)

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 Zoom Room 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.

Under Iowa or Rhode Island law, if applicable, Zoom Room Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Zoom Room Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Zoom Room 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 the appropriate state agency identified on **Exhibit A**.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Mark Van Wye, 11836 Teale Street, Culver City, CA 90230, (877) 966-6766
Stephanie Knepp, 11836 Teale Street, Culver City, CA 90230, (877) 966-6766
Anthony Polazzi, 11836 Teale Street, Culver City, CA 90230, (877) 966-6766
Catherine Uhlinger, 11836 Teale Street, Culver City, CA 90230, (877) 966-6766

Issuance Date: December 1, 2022

I received a disclosure document issued December 1, 2022, which included the following exhibits:

Exhibit A	List of State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Confidential Operations Manual Table of Contents
Exhibit D	Financial Statements
Exhibit E	List of Current and Former Franchisees
Exhibit F	Franchise Disclosure Questionnaire
Exhibit G	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the Zoom Room Franchise
Exhibit I	Multi-Unit Development Agreement
Exhibit J	State Effective Dates and Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.

RECEIPT
(Our Copy)

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 Zoom Room 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.

Under Iowa or Rhode Island law, if applicable, Zoom Room Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Zoom Room Franchising, LLC to give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Zoom Room 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 the appropriate state agency identified on **Exhibit A**.

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Exhibit J	State Effective Dates and Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, date your signature, and return it to Zoom Room Franchising, LLC, 11836 Teale Street, Culver City, CA 90230.