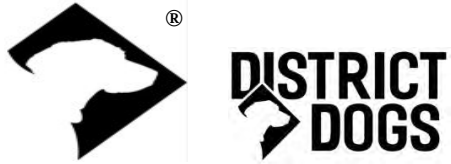


FRANCHISE DISCLOSURE DOCUMENT

DD Franchise LLC a Delaware limited liability company 1310 T Street NW, Unit 1 Washington DC 20009 Telephone: 202-930-3373 franchise@DistrictDogs.com www.DistrictDogs.com	District Dogs® 
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DD Franchise LLC offers franchises for the establishment and operation of District Dogs® complete dog daycare businesses, including training, daycare services, dog walking, overnight board, and grooming featuring state-of-the-art indoor facilities designed to pamper your pet (“**DD Business**”).

The total investment necessary to begin operation of a DD Business ranges from \$622,225 to \$1,647,450. This includes between \$50,745 and \$53,245 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format which is more convenient for you. To discuss the availability of disclosures in different formats, contact Jacob Hensley at info@districtdogs.com or (202) 933-3373.

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 (877) FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: April 28, 2023

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 <u>Exhibit D</u> .
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 <u>Exhibit E</u> 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 DD 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 DD Business franchisee?	Item 20, or <u>Exhibit D</u> , 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 to continue to operate your franchise business.

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only where the franchisor's principal place of business is, which is currently Washington, D.C. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor where the franchisor's principal place of business is, which is currently Washington, D.C., than in your own state.
2. **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and supports to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

MICHIGAN ADDENDUM TO THE DISCLOSURE DOCUMENT

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a License Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the License 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 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, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or 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 License 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 License 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 obligation to fulfill contractual obligations to the franchisee 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 Department of the Attorney General's Office, Consumer Protection Division, Franchise Section, G. Mennen Williams Building, 525 W. Ottawa Street, Lansing, Michigan 48913; telephone number (517) 373-7117.

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Exhibit A	List of State Agencies and Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Franchisee Manual Table of Contents
Exhibit D	List of Franchisees
Exhibit E	Financial Statements
Exhibit F	State Specific Addenda
Exhibit G	Franchisee Organizations
Exhibit H	Franchisee Closing Acknowledgment
Exhibit I	Receipt

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSOR, AND AFFILIATES

The Franchisor

The franchisor is DD Franchise LLC. For ease of reference, DD Franchise LLC will be referred to as “we,” “us,” “our,” or similar pronouns. We will refer to the person or entity that buys the franchise as “you,” “your,” or with similar pronouns. If you are a business entity, certain provisions of the Franchise Agreement will also apply to your owners.

We are a Delaware limited liability company formed on October 31, 2022. We do business as “**District Dogs Franchise, LLC**” and “**District Dogs**.” We conduct business under no other name. Our principal business address is 1310 T Street NW, Unit 100, Washington DC, 20009. We offer and grant franchises for the operation of dog daycare businesses that operate under the name and marks “**District Dogs**,” as described in more detail in this disclosure. The franchise businesses are referred to as “**DD Business**” or “**District Dog Business**.” We have never offered franchises in any other line of business, we have not operated a District Dogs Business, and we participate in no other business activities.

Our agents for service of process are found in Exhibit A.

Our Parents, Predecessors, and Affiliates

We have no predecessor and no parent.

Our first affiliate is District Dogs, Inc., a District of Columbia corporation formed on February 27, 2014 (“**DD Affiliate**”). Its address is 1221 Van Street SE, Suite 110, Washington, D.C. 20003. DD Affiliate has operated DD Businesses since November 19, 2016, and offered dog walking services prior to that since its formation in February 2014. It currently operates five District Dog Businesses in Washington, D.C., and Virginia that are substantially similar to the ones offered in this disclosure document to you. It has never offered franchises in this or any other line of business. It may offer services to you in the future.

Our second affiliate is DD IP Licensing, LLC, a Delaware limited liability company formed on October 31, 2022 (“**IP Affiliate**”). Its address is the same as ours. It owns the Marks that you will use, and has licensed to us the right to use and license them to franchisees under the Franchise Agreements. Our IP Affiliate has never offered franchises in this or any other line of business. DD Affiliate may offer services to you in the future.

Together our DD Affiliate and IP Affiliate may be referred to as an “**Affiliate**” or the “**Affiliates**.”

The Franchised Business

We grant you the right to own and operate a single District Dog Business that offers dog daycare, structured daycare (including smaller groups of dogs and those needing special attention), dog walking, overnight boarding, grooming, and training in a beautiful state-of-the-art indoor facility that emphasizes the safety and wellbeing of your pet. You will also offer special events such as “yappy hours,” birthday parties, and the like. Together our services are referred to as the “**DD Services**.”

Each DD Business is characterized by our distinctive interior and exterior design, signage, and trade dress, products bearing our trademarks, including pet toys, food products, and similar items (“**Branded Products**”), products bearing the trademarks of other providers, including pet toys, food

products, and similar items (“**Permitted Products**”), and products consumed in the delivery of the DD Services such as grooming products, pet food, and the like needed to provide the services. Together the Permitted Products, Branded products, and products consumed at the Business may be referred to as the “**Service Products**.” Together, we have uniform guidelines, specifications, and procedures for quality control, pet and employee safety, electronic equipment, POS equipment, and advertising and promotional programs. We will provide you with proprietary training, marketing help, designs, advertising advice, and other pre-opening and post-opening services. Our “**System**” includes all of the above as well as our confidential operations manual, periodic bulletins, handouts, email messages, or other forms of communication we determine (collectively, the “**Operations Manual**”), the methods, techniques, formats, specifications, procedures, information, and knowledge of and experience in the operation and franchising of DD Businesses (“**Proprietary Information**”), the economic and financial characteristics of DD Businesses, any copyrighted, registered, trade secret, or confidential information we own or license, and all information relating to the customers (including their contact information and called the “**Customer Lists**”). The System definition may be supplemented by other language of the Franchise Agreement and otherwise by us from time to time. You will be licensed to operate using the Marks under the Franchise Agreement attached as Exhibit B.

We identify the DD Businesses operating under the System by means of the trade names and marks “DISTRICT DOGS,” “DISTRICT DOGS and design,” and certain other trademarks, service marks, trade names, signs, logos, and other indicia of origin (collectively, the “**Marks**”). We may designate other trade names, service marks, and trademarks as Marks (and we may also periodically delete old names and marks).

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one DD Business under the System and using the Marks. You must lease, sublease, or acquire a site for the DD Business, subject to our approval, either as part of our execution of the Franchise Agreement, or, if the site is not identified at that time, then under the site selection addendum (“**Site Selection Addendum**”) which is attached to the Franchise Agreement as Exhibit 9. You will sign the Site Selection Addendum at the same time you sign the Franchise Agreement, and you must follow the procedures for finding, selecting and receiving authorization for a site under the Site Selection Addendum.

The Franchise Agreement will establish a geographic area within which your District Dogs Business will be located (the “**Protected Territory**”). The Franchise Agreement (as more fully described in this disclosure document) will describe the rights that you and we will have regarding the Protected Territory, although, generally, we will not establish, operate or franchise another DD Business in your Protected Territory during the term of your Franchise Agreement.

This disclosure document describes the terms and conditions we currently offer new franchisees. We may occasionally offer franchises under different terms and conditions in particular circumstances.

Competition and Laws Affecting the Business

DD Services are consumed by the general dog-owner public. The market for dog daycare, grooming, trainings, and overnight boarding is developing though very competitive, and you will compete with other local, regional, national, and international brands offering the same or similar items. The business is not seasonal.

As you are building a retail space that caters to dogs, municipal and county zoning, building, and similar law may control the location of your DD Business. We require all of our daycare and overnight boarders to provide proof of current rabies and DPP vaccines and the proper licensing of the pet. We also require dogs to be vaccinated against canine distemper, “kennel cough” (canine infectious tracheobronchitis).

We will require that all pets that visit your DD Business must be vaccinated for rabies, distemper, parvovirus, parainfluenza, and “kennel cough” (canine infectious tracheobronchitis). Your state may require other or additional vaccinations.

Many jurisdictions have laws and regulations that may apply to your DD Business, including laws and regulations relating to the construction, design, and maintenance of your DD Business, zoning, health, and sanitation (including matters regulated by the Occupational Safety and Health Administration (OSHA)), the storage, handling, preparation, and disposal of pet food, employment matters, and equal access for the disabled including requirements imposed by The Americans with Disability Act of 1990. There may be other laws and codes applicable to your operations, and we urge you to make further inquiries about those laws and codes. Compliance with these ordinances, rules, regulations, and statutes is your sole responsibility. For example, in California, all dogs over four months must be vaccinated against rabies, distemper, parvovirus, and parainfluenza (DPP) and must be licensed. (See, generally, California Health and Safety Code §§121575 et seq.) California municipalities and counties may have other laws that regulate the ownership of dogs.

You will accept payment through credit cards, debit cards, and similar e-payment methods. The use of such methods is subject to the Payment Card Industry Data Security Standards (PCI-DSS) rules and regulations. The “**POS System**” (Item 7) you purchase through our approved vendor follows these standards.

ITEM 2

BUSINESS EXPERIENCE

Jacob Hensley: Founder and Managing Member

Mr. Hensley is a co-founder and has served as our Managing Member since November 2022. He also founded our District Dogs Affiliate and has served as the President and Chief Executive Officer since September 2014.

Steve Gaudio: Managing Member

Mr. Gaudio is a co-founder and has served as our Managing Member since November 2022. He also founded and is the Chief Executive Officer and Managing Broker for District Equities, which is a commercial real estate brokerage firm serving clients nationwide, since November 2015.

Note: Except as otherwise stated above, the location of the companies and businesses described in this Item 2 is Washington, D.C.

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

Initial Franchise Fee

You will pay us an initial franchise fee (“**Initial Franchise Fee**” or “**IFF**”) of \$49,000. The IFF is used to defray our costs for your initial training and our delivery of preopening services to you.

We will provide a 10% discount from the required IFF for any individual Franchisee, or a franchise entity that is at least 51% owned by an individual, who is an honorably discharged U.S. military veteran.

We will reduce the IFF by \$1,000 if, in conjunction with your evaluation of this DD Business franchise opportunity, you retain and are represented by an attorney knowledgeable and experienced in franchising and business transactions. Attached as Exhibit 8 to the Franchise Agreement is an “Acknowledgement of Legal Representation,” which you must sign and deliver to us concurrently with the Franchise Agreement in order to receive a reduced IFF.

You must pass our “**Initial Training**” (Item 11) to our satisfaction. If you fail to do so, we have the option to terminate your franchise rights (though all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive) and will refund 50% of your IFF.

Technology Fees

You must pay us \$995 as your “**Technology Startup Fee**,” which will be used to set up your landing page on our website, and \$750 representing the first three months of the “**Technology Maintenance Fee**” at \$250 per month, which is used to maintain your landing page and for other technology-based services.

Other Fees

If you choose to work with an architect not previously approved or designated by us, you must pay to us a fee equal to \$2,500. The purpose of this fee is to defray a portion of our cost in having your architectural plans reviewed by us or our designee.

If you request that we visit your Franchised Location while it is being built, or we decide to visit your site during construction in our sole discretion, we will designate a representative (who may be our employee, an Affiliate’s employee, or an approved vendor), and you will pay our then-current daily Construction Oversight Fee, currently \$1,000 per day, plus our representative’s cost of travel, room, and board.

For the first DD Business you open, we may send a representative to you on the day before you open to help with your grand opening and initial operations, and we may charge our then-current Opening Help Fee, currently \$1,000 per day, plus our representative’s cost of travel, room and board.

Unless stated above, all fees are payable in one lump-sum, uniform, and non-refundable.

Except as stated here, you are not required to pay us or our Affiliates any other fees for services or goods before your Business opens.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	Greater of: (a) 6.9% of Gross Sales or (b) the Minimum Royalty Fee (described below). Note 1.	Payable weekly on the Friday following the previous week (currently designated as Monday through Sunday) for which it was calculated.	Payable via ACH. Note 2.
Construction Oversight Fee	Currently, \$1,000 per day plus our travel, room and board.	Payable before the visit.	Note 3.
National Brand Fee	Currently, 2% of Gross Sales.	As determined.	Note 4. (Item 11).
Regional Advertising Fee	Varies.	As we determine.	Payable to us if we create a regional advertising program. This is not a separate fee. Rather, it would be an allocation of all or a portion of the National Brand Fees or your Local Advertising Fee obligations for the benefit of DD Businesses located within a designated geographic territory (Item 11).
Local Advertising Fee	Currently, \$500 per month.	As incurred.	Payable to third parties for your local advertising expenses. We may increase the Local Advertising Fee up to 3% of Gross Sales on an annual basis, but we will not increase the amount by more than 1% in any 12-month period, after giving you no less than 180 days prior written notice (Item 11).
Technology Maintenance Fee	Currently \$250 per month.	Collected with Royalties	We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice. Note 5.
Additional Personnel and Transferee Training Fee	Currently, \$4,000 per person for two weeks of training plus your travel expenses.	Before training.	Payable to us, if applicable. Note 6.
Optional Training, Additional Required	Currently, \$1,000 per person per day for a	As incurred.	Payable to us, if applicable. Note 7.

Type of Fee	Amount	Due Date	Remarks
Training, or Assistance Fee	minimum of two days plus your travel expenses or our travel expenses if we travel to you.		
Audit Fee	Cost of an audit.	Within ten days of your receipt of audit report.	Payable to us if an underpayment is greater than 2% of reported amounts.
Transfer Fee	75% of the then-current IFF	When the transferee signs the then-current Franchise Agreement.	Payable to us. If we are not awarding franchisees when you seek transfer, you will pay 50% of the IFF charged to you.
Successor Franchise Fee	50% of our then-current IFF being charged to franchisees	If you are awarded renewal rights.	Payable to us. If we are not awarding franchisees when you seek renewal, you will pay 50% of the IFF you paid.
Late Fee	Currently, \$100 per incident per month.	As incurred.	Payable to us if you do not make a timely payment. Late payments may also be subject to Default Interest (as described below). We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice.
Default Interest	Currently, 1.5% per month, accruing monthly.	As incurred.	We may increase this interest at any time and in any amount after giving you no less than 60 days prior written notice. We will not charge any amount over that allowed by your state.
Indemnification Fee	Varies.	As incurred.	Payable to us if we are held liable for any claims arising from your operations.
Supplier Approval Fee	Currently \$500.	As incurred.	Payable to us for expenses we incur to evaluate a proposed supplier. We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice.
Relocation Fee	Currently \$10,000.	As incurred.	Payable to us for our approval of your request to relocate your DD Business. We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice.
Annual Conference Attendance Fee	Currently, \$895 per attendee plus your travel expenses.	Before attendance.	Payable to us if we conduct an annual conference. We may determine this fee for an annual conference at our discretion and will provide you with the amount before you attend the annual conference.

Type of Fee	Amount	Due Date	Remarks
New Products, Technology, Services, and Fees	Varies.	As incurred.	Payable to approved suppliers or us. Note 8.
Opening Help Fee	Currently, \$1,000 per day plus our travel, room and board.	As incurred.	Note 9.
Taxes	Our costs.	As incurred.	Note 10.
Cost for Testing Samples	Varies	As incurred.	Note 11.
Insurance	Varies.	As incurred	Note 12.
Gift Cards and Loyalty Programs	Currently, none	As incurred	Note 13.

Unless otherwise specified, all fees due to us are uniform, imposed by us, payable in one lump sum, and nonrefundable. Your agreements with third parties will determine the fees due to them.

Note 1. “**Gross Sales**” means the total of all revenue and income received in cash, as services in kind, from barter or exchange, on credit (whether or not payment is received), or otherwise from the sale of all goods, services (including dog walking, pet sitting, and the like), products, merchandise, and related items sold at the DD Business and whether or not sold or performed at or from your DD Business. Gross Sales will also include the proceeds from business interruption insurance payments and any other amounts reasonably attributable to your DD Business’s operations. Gross Sales do not include sales or similar taxes you collect that are chargeable to Customers by law, any documented refunds, credits, charged tips, or sales discounts.

The Minimum Royalty Fees are as follows:

Months in Operation	Minimum Royalty Fee (per week)
0 – 6	\$400
7 – 12	\$450
13 – 18	\$500
19 – 24	\$650
25+	\$600

Note 2. Unless stated otherwise, all amounts due to us will automatically be deducted from your operating account through an electronic bank-to-bank transfer of funds via an automated clearing house (ACH) arrangement.

Note 3. You may request we visit your Franchised Location while it is being built, or we may decide to visit your site during construction in our sole discretion. If we agree to this, we will designate a representative (who may be our employee, an Affiliate’s employee, or an approved vendor), and you will pay our then-current daily Construction Oversight Fee plus our representative’s travel, room, and board. We may increase this fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

Note 4. Payable to us for national branding efforts. You must pay the National Brand Fee commencing with the opening of your DD Business, unless we provide a written waiver. We may increase this fee to no more than 3% at any time after first giving you no less than 180 days’ prior written notice. (Item 11).

Note 5. We require you to pay us a “**Technology Maintenance Fee**” to reimburse us for expenses we and our affiliates incur for certain technology-related services, including website or email hosting, software or website development. Currently, the Technology Maintenance Fee is \$250 per month, but that could change depending on a number of factors, including the nature of the technology utilized. As further described in Item 11, you may incur other expenses related to certain other components of the Computer System provided by third parties.

Note 6. Payable to us for training additional Designated Managers, Principal Operators, or attendees at Initial Training. You will pay your and our associated expenses for this training, including lodging and board costs. A “**Designated Manager**” is a person besides you or your Principal Operator who acts as the general manager of your DD Business, has been trained by us, and delivers services directly to your Customers. A “**Principal Operator**” is an equity owner of your franchisee entity whom you designate to receive our training and operate the business on a day-to-day basis. We may increase this fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

Note 7. Payable to us if you request additional operating assistance, and we agree to provide it. This will also be charged for optional and additional required training. You will pay our additional associated expenses, including, without limitation, travel, lodging, and board costs. We may increase this fee at any time by any amount after giving you no less than 60 days’ prior written notice (Item 11).

Note 8. We may require all franchisees to add new products, Branded Products, Permitted Products, Service Products, or other goods or services to those already used or sold through your DD Business. You may incur additional associated expenses, costs, and fees, some of which may be due to an affiliate, a third party for whom we collect funds, or us. We may also use our reasonable business judgment to assess other fees or costs we deem appropriate to help with the DD Business’s operations. Such fees or costs may be assessed locally, regionally, or nationally and may apply to one, some, or all franchisees. To provide for changes to technological needs and opportunities, we will have the right to establish reasonable new standards and fees in writing to implement new technology in the System. We have no set formula for determining the amounts and cannot provide an estimate to you. We will notify you in writing and give you no less than 60 days to comply.

Note 9. You may request that we visit your Franchised Location before and when you open. You will pay the then-current fee that we may charge if we visit the Franchised Location to ensure that it is being built to specifications, or if we visit you to help with your opening (“**Opening Help Fee**”). We may increase the Opening Help Fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

Note 10. If assessed by your state, and except for our income taxes, you will reimburse us for all taxes we pay for products or services we furnish you, on our collection of the initial franchise fee, on the collection of royalties and advertising contributions, and the collection of similar fees or costs.

Note 11. We may test your inventory to ensure it complies with our standards. If the test discloses failure to meet our standards, we may collect our cost of testing. We have no formula for determining this cost and cannot quote it here.

Note 12. If you fail to get the insurance required for the Business’s operations, we may buy it for you in our discretion. If we do, you will reimburse for the premiums. We have no formula for determining if this will occur or the amount of such premiums, and as a result, we cannot quote a fee here.

Note 13. We do not now, but we may require all franchisees and you to participate in gift card, coupon, loyalty, or customer incentive programs in the future. If we do this, we will give you no less than 60 days' prior written notice. The POS Systems will have modules installed to help implement these programs.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 2)	\$49,000	Lump sum.	When you sign your Franchise Agreement.	Us.
Rent (Note 3)	\$28,125 to \$85,000	As arranged.	As arranged.	Landlord.
Real Estate Security Deposit (Note 3)	\$9,000 to \$28,000	As arranged.	As arranged.	Landlord.
Utility Deposits (Note 4)	\$0 to \$4,000	As arranged.	As arranged.	Utility providers.
Architect and Engineer (Note 5)	\$15,000 to \$33,500	As arranged.	As arranged.	Our approved professionals or us.
Leasehold Improvements (Note 6)	\$437,000 to \$1,300,000	As arranged.	As arranged.	Third parties
Furniture, Fixtures, Equipment, signs (Note 6)	\$25,000 to \$50,000	As arranged.	As arranged.	An approved vendor.
Opening Inventory of Branded Products, Permitted Products, and other Service Products (Note 6)	\$1,000	As arranged.	As arranged.	An approved vendor.
Technology Startup Fee and Technology Maintenance Fee	\$1,745	Lump sum.	When you sign the Franchise Agreement.	Us.
POS System (Note 7)	\$855 to \$2,755	As arranged.	As arranged.	Approved Vendor.
Computer System (Note 8)	\$0 to \$1,450	As arranged.	As Arranged.	Any vendor.
Training Expenses (Note 9)	\$2,500 to \$5,000	As arranged.	As incurred.	Third parties.
Grand Opening Expenses (Note 10)	\$5,000 to \$6,000	As arranged.	As incurred.	Affiliates, approved suppliers, or us.
Insurance (Yearly premium)	\$1,000 to \$5,000	As arranged.	As agreed.	Insurance providers.
Attorneys or other Professionals (Note 11)	\$2,000 to \$5,000	As arranged.	As agreed.	Professionals you choose.
Additional Funds – Three Months (Note 12)	\$45,000 to \$70,000	As arranged.	As agreed.	Third parties or us.
Total Estimated Initial Investment (Note 13)	\$622,225 to \$1,647,450			

Note 1. Expenditures, generally. Except as stated in Item 5, all fees payable to us are uniform, payable in one lump sum, and nonrefundable. Fees paid to third parties will be subject to their refund policies, over which we have no control.

Note 2. Initial Franchise Fee. The above chart assumes that you are not entitled to any discounts and that you will pay the full IFF.

Note 3. Rent. The location of your DD Business (the “**Franchised Location**”) must be approved by us. There is no requirement to purchase real estate. A suitable DD Business location ranges from approximately 2,500 to 4,000 square feet and can be located in a mixed-use or free-standing building, inline shopping area, or similar retail locations. Rent for the store will be based upon the location of the DD Business in the United States, the nature of the property (whether a free-standing building as opposed to an inline unit, for instance), the popularity of the destination, whether it is “upscale,” and the demographics of its Customers. The low number represents the first three months of rent for a 2,500 square foot space in a strip mall with rent at approximately \$45 per square foot comprising \$30 per square foot of “base rent” and \$15 per square foot of “triple net” costs (which are the landlord’s cost per square foot passed on to the tenants *pro-rata* for maintenance, insurance, and taxes). The high number represents three months of rent for a 4,000-square-foot space in an upscale mixed-use building, with the rent calculated at \$85 per square foot (with base rent of \$65 per square foot and triple net of \$20 per square foot). Your rent could be substantially higher.

Your landlord may require a security deposit. The range represents one month’s rent for the small and large units identified in the previous paragraph.

Note 4. Utility Deposits. A utility provider may charge a deposit to set up utilities. The low number represents no deposit, and the high number estimates what a utility provider may charge. If charged, your deposits may be higher.

Note 5. Architect and Engineer. You must use and pay for an architect or other professionals designated or approved by us to conform your Franchised Location to our prototypical plans, and for our architect to review your architect’s plans if you do not use an architect or other professional that we approve or designate. This fee varies widely depending on the size of the location, its previous use, and similar variables. This range includes the \$2,500 processing fee that you must pay to us if you choose an architect we have not previously designated or approved (See Item 5). You may request, or we may decide to visit your Franchised Location during buildout, in which case you will pay our then-current Construction Oversight Fee, which is \$1,000 per day plus our travel, room and board. The high number includes \$1,000 for the Construction Oversight Fee.

Note 6. Leasehold Improvements. You must build out the leased space according to our plans and specifications. We will provide you with a list of, and specifications for, all interior and exterior decor items and signage, all furniture, fixtures, equipment, and the like, all of which will be used by your architect or engineer to plan your space. Your cost to build out the exterior and interior of your DD Business will depend on its size, the quality of the space, your location in the country, the availability of labor, and permitting, and similar costs. Build out cost ranges are based on DD Businesses varying from 2,500 to 4,000 square feet, with approximate build out cost ranging from \$175 to \$325 per square. These costs may also vary depending on whether certain of these costs will be incurred by the landlord. Your landlord may contribute funds to you (as a tenant-finish incentive), but there is no guarantee that the landlord will do so, or if it does, in what amount such contribution may be. Our estimate does not include any tenant improvement allowance that you may negotiate, as this is impossible for us to predict if you will receive one.

Based on our experience on several DD Affiliate's DD Businesses in the Washington, DC metropolitan area during the period (2018 - 2022), working with landlords, our company-owned DD Businesses have received tenant improvement allowances that varied from \$115 to \$225 per square foot. If you were to receive a tenant improvement allowance, we estimate that such allowance could be as follows, based on a 2,500 to 4,000 square foot building:

	Amount		
Tenant Improvement Allowance per square foot	\$115	to	\$225
Tenant Improvement Allowance total for 2,500 sf	\$287,000	to	\$562,500
Tenant Improvement Allowance total for 4,000 sf	\$460,000	to	\$900,000

We do not guarantee or warrant that you will be able to obtain any tenant improvement allowance based on your own circumstances, which may include the site, the owner or landlord, other businesses in or near the location, the market in which your DD Business is being built, and other economic or market factors.

The final cost for furniture, fixtures, equipment, signs, and the like will depend on availability, your location in the country, shipping and handling, and other factors. These figures are approximated only. Your cost could be substantially greater.

You must also purchase the mix of Branded Products, Permitted Products, and Service Products we designate from our approved vendor.

Notes 7 and 8. POS/Computer System. You must purchase the point-of-sale ("**POS**") hardware and license the POS software from our approved vendor for their then-current fees. The POS hardware and POS software are collectively the "**POS System.**" (Item 7). The POS system comprises the hardware ("**POS Hardware**") for approximately \$450 and the proprietary software ("**POS Software**") for a monthly license fee that is currently \$135. This line item reflects the purchase of the monthly software price of \$450 plus the first three months of the license fee (a total of \$405). The low number reflects one POS System, and the high number represents two systems. We require that you have at least one system. Our POS vendor may change its fees at any time and in any amount without advanced notice. We have no control over this and cannot quote a timeline or cost to you.

You must also own or purchase a "back office" computer hardware and software system (the "**Computer System**") that will operate in conjunction with your POS System. As part of the Computer System, you must have a license for the Microsoft Office 365 "Business Standard" software suite, which currently costs approximately \$12.50 per month (\$150 per year), and QuickBooks Essentials, which currently costs \$25 per month (\$300 per year). You may already have the Computer System. If not, the computer hardware could cost \$1,000 or more. The high number also includes the first year's cost for Microsoft Office 365 and QuickBooks. You must install and then maintain virus protection software from any manufacturer. As the price varies so widely depending on the virus protection software you decide to purchase, we cannot quote a cost for this here. We reserve the right to change the Computer System software applications at any time after giving you no less than 60 days' prior written notice. This may result in an additional expense for you.

Note 9. Training Expenses. You will pay for your travel, room, and board while attending training in Washington, DC. Your costs may differ depending on the distance you must travel, the cost of the mode of travel you choose (driving your vehicle versus buying a plane ticket), the quality of the hotel or motel

you choose, and the food you purchase. This figure does not include any wages you may have to pay an attendee.

Note 10. Grand Opening Expenses. You must spend at least this to conduct a grand opening advertising and promotional program for your DD Business. For the first DD Business you open, we may send a representative to you on the day before you open and for the following two days to help with your grand opening and initial operations, and we may charge our then-current Opening Help Fee, which is \$1,000 per day plus our travel, room and board. The high number includes \$1,000 for the Opening Help Fee.

Note 11. Attorneys/Other Professionals. We strongly recommend that you hire an attorney or other professional to help you review this FDD or for other matters. These are estimates only, and your costs could be substantially greater. As discussed in Item 5, we will reduce the IFF by \$1,000 if, in conjunction with your evaluation of this DD Business franchise opportunity, you retain and are represented by an attorney knowledgeable and experienced in franchising and business transactions, which you must attest to.

Note 12. Additional Investment. You will need additional capital to support on-going expenses to the extent that these costs are not covered by sales revenue. This estimate is for your first three months of necessary operating capital. The estimate does not include an owner's salary or draw. The actual amount of additional funds you will need during the initial phase of operating will vary for numerous reasons, including your geographic location, your management skills, experience, and business acumen, the effectiveness of your staff and the wages paid, local and national economic conditions, the market for your products and services, competition, and sales that you realize during this initial period. These are approximate amounts, and you may need significantly more initial working capital during this start-up phase or after.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period. Depending on your credit history or on other relationships with utility companies, you may have to provide security deposits.

Note 13. Estimated Initial Investment. To compile these estimates, we have relied upon the experience of our principals from operating our DD Affiliate's DD Businesses. The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the DD Business; the length of time it may take to obtain permits and then build out the space for the DD Business; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen. You should carefully review these figures with your business advisors before making any decisions. You should take into account the cash outlays that you may incur while you are trying to get established.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have the right to require that all of the products, equipment, supplies, and materials, and other items and services used or offered for sale at your DD Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from suppliers that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates). To the extent that we

establish specifications, require approval of suppliers, or designate specific suppliers for particular items, we will set forth our requirements in our Operations Manual.

If you would like to use or offer items, equipment, supplies, and other materials, products and services that we have not approved, or to purchase from a vendor, supplier, distributor, or other source that we have not approved, then you must submit to us a written request for approval. We have the ongoing right to inspect any proposed supplier's facilities and to test samples of the proposed equipment, products or services. You must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed equipment, product or service, including personnel and travel costs, whether or not we ultimately approve the supplier. We have the right to grant, deny, or revoke approval of equipment, products, services, and suppliers. We will notify you in writing of our decision as soon as practicable following our evaluation, which we expect will be not more than 30 days after we complete our evaluation. You may not contract with an alternative supplier without our prior written approval. We reserve the right to reinspect the products of any approved supplier and to revoke approval if we find that the supplier fails to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to immediately stop buying products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct.

Required Purchases

You must adhere to the standards and specifications we establish for your DD Business, including its operating procedures, advertising materials, supplies, POS System, furnishings, fixtures, equipment, Branded Products, Permitted Products, other Service Products, and other items, products, or services. We formulate these specifications. In our discretion, we may modify any standard or specification at any time on a local, regional, or national basis.

We may communicate our standards and specifications to you when we evaluate your proposed DD Business location, during training, before you conduct your grand opening advertising, during periodic visits to your DD Business, or through the Operations Manual. We may periodically modify or issue new standards and specifications by written notice.

Required and Approved Suppliers

You must use an architect and other professionals designated or approved by us to conform your Franchised Location to our general and prototypical Plans. We will provide you with a list of approved architects that you can engage and hire. However, you are free to work with any architect that you wish. If you choose to work with an architect not previously approved or designated by us, you must pay to us a fee equal to \$2,500. The purpose of this fee is to defray a portion of our cost in having your architectural plans reviewed and processed by us or our designee.

You may request, or we may decide (but are not obligated) to visit your Franchised Location during buildout. We will send an approved vendor, an employee of an Affiliate, or our employee.

You must purchase your decor items, furniture, fixtures, equipment, signs, and the like only from approved vendors. We will supply the names of such vendors within two weeks of the date you finally sign the Franchise Agreement ("**Effective Date**").

You will also purchase your initial and replacement inventory of Branded Products, Permitted Products, and Service Products ("**Opening Inventory**") from our approved vendor.

You must lease or purchase the POS System only from our approved vendor.

We do not now but may, in the future, have a loyalty or gift card program. We will provide you with no less than 60 days' written notice before implementing the program or programs.

Except for setting up and maintaining your landing page on our website and certain technology-based services (for which you must pay to us the Technology Startup Fee and the Technology Maintenance Fee), we are not currently an approved supplier of any product or service used in the operation of DD Businesses. In the future, we may designate an Affiliate or ourselves as an approved supplier or the only supplier of furniture, fixtures, equipment, Branded Products, Permitted Products, Supply Products, technology, or other goods or services. We will give you no less than 60 days' prior written notice before making this switch.

Except as stated above, you may purchase all other equipment or materials from an approved source. A list of approved products and suppliers will be made available online, in policy and procedures statements, in the Operations Manual, or as provided by other written communication. We may amend the list in our discretion.

Except for our provision of certain technology services, for which you must pay us the Technology Startup Fee and the Technology Maintenance Fee, there are no approved suppliers in which any of our officers owns an interest.

Before opening your DD Business, you will purchase and maintain in full force and effect the following insurance coverage:

(a) Commercial general liability insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, fire damage, and medical expenses with a combined single limit for bodily injury and property damage of \$2,000,000 per occurrence and \$3,000,000 in the aggregate;

(b) Excess liability umbrella coverage for general and automobile liability of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. All such coverages will be on an occurrence basis and provide for waivers of subrogation;

(c) Employer's liability and worker's compensation insurance as required by state law;

(d) Business interruption insurance of not less than \$50,000 per month for loss of income and other expenses with a limit of not less than nine months of coverage;

(e) Comprehensive crime and blanket employee dishonesty insurance of not less than \$5,000;

(f) Computer fraud coverage (including coverage for cyberattacks or losses, hacking losses and loss because of malware, pretexting, phishing attacks, and the like) of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. To the extent that this coverage requires multiple policies or endorsements, then you will obtain each such policy or endorsement; and

(g) "Social Engineering Fraud" (which is the manipulation of a person through social media that results in such person disclosing confidential personal or company information that then causes a loss) coverage of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

If you fail to get the above insurance and then maintain it throughout the franchise relationship, we have the option (but not the obligation) to secure it for you. In that case, you will reimburse us for our costs associated with securing the same.

Although we require certain insurance coverage and may recommend other policies, we do not guarantee that the required or recommended insurance will be adequate to fully protect your assets. You should consult with an insurance professional to determine what insurance coverage may be needed for you and your DD Business in addition to the minimum required insurance coverage. We or our affiliates will be named as additional insureds on all policies.

Approval of Alternative Suppliers

You may wish to purchase a required good or service from a supplier that we have not previously approved. We do not maintain written criteria for approving suppliers. To obtain our approval, you must submit a written request for approval and such information as we may reasonably need to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason at all. We have no other process for approving suppliers other than as stated here. We may charge a fee for this service, which fee may be increased at any time without limitation. We will provide you with 60 days' written notice before implementing or increasing this fee.

We may revoke our supplier approval if we determine in good faith that the supplier no longer meets our then-current quality standards. We will notify you if we revoke our approval of any supplier.

Revenue from Franchisee Purchases

As of December 31, 2022, we received no revenue from the sale of equipment or other goods or services that must be purchased from an Affiliate or us.

The cost of purchases and the leasing of goods and equipment from approved or designated suppliers, or in accordance with our specifications will represent approximately 70-85% of your total purchases and leases of goods and services to establish your DD Business and approximately 55-70% of your total purchases during the operation of your DD Business.

We and our affiliates have the right to receive, collect and retain payments, manufacturing allowances, marketing allowances, rebates, credits, monies, or benefits (collectively, "Allowances") offered by suppliers to you or to us or our affiliates based upon your and/or other franchisees' purchases of products and services. By signing the Franchise Agreement, you assign to us or our designee all of your right, title and interest in and to any and all Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise prohibited by the supplier). We will use the Allowances in our sole discretion and may but are not required to pass Allowances on to our franchisees based upon product movement at each franchisee's DD Business. If we receive additional or new Allowance revenue, we may or may not share it with franchisees. As of the date of this disclosure document, our current policy (which may change) is to utilize all or a portion of such funds for purposes that we believe, in our sole discretion, may enhance the "DISTRICT DOGS" brand and/or public awareness of the brand.

Cooperatives

We do not currently have any regional purchasing or distribution cooperatives in your area but may do so in the future. The purpose of cooperatives is to obtain goods and services at more competitive prices.

You will join any cooperative as we may require. Goods and services provided by a cooperative will be of the same quality required for all DD Businesses.

Negotiated Prices

We may in the future negotiate purchase arrangements, including price terms, with suppliers regarding various products. In doing so, we would seek to promote the overall interests of our franchise system and our interests as the franchisor. If you purchase from these suppliers, you will receive the volume discount, or other discount, that we negotiate for the entire System.

Material Benefits

Except as described in this Item 8, we do not provide any material benefits to you (such as preferential renewal rights or granting additional franchises) based on your use of designated or approved suppliers.

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	Articles in Franchise Agreements	Item in Disclosure Document
(a) Site selection and acquisition/lease	Article 2.	Items 7 and 11.
(b) Pre-opening purchase/leases	Article 2.	Item 8.
(c) Site development and other pre-opening requirements	Article 2.	Items 6, 7, and 11.
(d) Initial and ongoing training	Article 9.	Item 11.
(e) Opening	Article 2.	Item 11.
(f) Fees	Article 3.	Items 5, 6, and 7.
(g) Compliance with standards and policies/operations manual	Articles 7 and 10.	Item 11.
(h) Trademarks and proprietary information	Article 8.	Items 13 and 14.
(i) Restrictions on products/services offered	Articles 1 and 10.	Items 11 and 16.
(j) Warranty and customer service requirements	Article 10.	Item 16.
(k) Territorial development and sales quotas	Not Applicable.	Not Applicable.
(l) On-going product/service purchases	Article 10.	Item 8.
(m) Maintenance, appearance, and remodeling requirements	Articles 2 and 10.	Item 11.
(n) Insurance	Article 11.	Items 7 and 8.

Obligation	Articles in Franchise Agreements	Item in Disclosure Document
(o) Advertising	Article 4.	Items 6, 7, and 11.
(p) Indemnification	Article 17.	Item 6.
(q) Owner's participation/management/staffing	Article 10.	Items 11 and 15.
(r) Records and reports	Article 5.	Item 11.
(s) Inspections and audits	Articles 5 and 10.	Item 6.
(t) Transfer	Article 12.	Item 17.
(u) Renewal	Article 6.	Item 17.
(v) Post-termination obligations	Articles 14 and 18.	Item 17.
(w) Non-competition covenants	Article 18.	Item 17.
(x) Dispute resolution	Article 19.	Item 17.
(y) Other	None.	None.

ITEM 10

FINANCING

We offer no direct or indirect financing arrangements to you. We do not guarantee your notes, lease, or any other obligations. We do not receive any direct or indirect payments or other consideration from any person to place financing you may need.

ITEM 11

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

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

Pre-Opening Assistance

Before you open, District Dogs Business will:

- a. Assist you in selecting your Franchised Location. (This Item 11 and the Franchise Agreement, Articles 2 and 7).
- b. Review your proposed lease. (Franchise Agreement, Articles 2 and 7).
- c. Give you the names of our architect and other professionals you must use to conform the plans for your Franchised Location to our generic plans. (Franchise Agreement, Articles 2 and 7).
- d. Designate your Protected Territory. (See Item 12) (Franchise Agreement, Articles 1 and 2).
- e. Supply you with a list of approved vendors from whom you must purchase the Branded Products, Permitted Brands, Service Products, furniture, fixtures, equipment, signs, and the like. We do not provide, deliver or install any items for you. (Franchise Agreement, Articles 2 and 7).

f. You may request, or we may decide to visit your Franchised Location during buildout, in which case you will pay our then-current Construction Oversight Fee. (Franchise Agreement Articles 2 and 7.)

g. For the first DD Business you open, we may send a representative to you on the day before you open and for the following two days to help with your grand opening and initial operations. We may charge our then-current Opening Help Fee. (Franchise Agreement, Article 5).

h. Offer training as specifically set forth below. (Franchise Agreement, Articles 7 and 9).

i. Review and approve your grand opening activities. (Franchise Agreement, Section 4).

i. Loan you one copy of the Operations Manual. (Franchise Agreement, Article 7).

Post-Opening Assistance

During the operation of your District Dogs Business, we may:

a. Modify, update, or change the System, including, without limitation, (a) adapting or using new or modified lists of authorized and approved suppliers, trade names, trademarks, service marks, or copyrighted materials, and (a) authorizing new products, services, Branded Products, Permitted Products, Service Products, operational techniques, technology, or fees. (Franchise Agreement, Article 7).

b. Collect and administer the National Brand Fees. (Franchise Agreement, Article 4).

c. Provide feedback from our right to access your POS System. (Franchise Agreement, Article 7).

d. Periodically advise or offer guidance concerning your DD Business's operations. (Franchise Agreement, Articles 7 and 10).

e. Conduct quality control visits (both announced and unannounced) and use a "secret per" program. (Franchise Agreement, Articles 7 and 10).

f. When we deem it appropriate, conduct an Annual Conference during which new ideas and other matters will be discussed. (Franchise Agreement, Article 9).

We may suggest pricing schedules from time to time that you are not required to follow. We do not set minimum or maximum prices for any products, goods, or services. We offer no direction and will not control your employees. Your employees are not our employees.

Additional Support

We may provide you with additional, supplemental, or remedial training and support on an as-needed basis as you request or as we deem reasonably necessary. You may be required to pay the then-current Optional Training and Additional Required Training or Assistance Fee. (Item 6).

Opening Schedule

The typical time between the Effective Date and opening is between eight and 18 months. You must be open for business within 18 months of the Effective Date ("**Opening Deadline**").

We may extend the Opening Deadline for a limited period if factors beyond your reasonable control prevent you from meeting the date, and you request an extension of time from us at least 15 days before the expiration of the Opening Deadline. Factors that may affect the period required to open your DD Business include a municipality's and county's review and acceptance of the plan, the time you spend obtaining financing, building permits, zoning permits, necessary licenses, and the availability of labor or materials.

Advertising

Grand Opening

You must spend not less than \$5,000 to promote the grand opening of your DD Business. The grand opening promotion campaign will occur during a 14-day period that we specify but no later than three months after your Opening Deadline. We must approve of your grand opening plans in the same manner as we do for local advertising.

Local Advertising

We currently require you to spend \$500 ("**Local Advertising Fee**") each month on local advertising ("**Local Advertising**").

You must deliver copies of the proposed advertising to us before you use it. Once delivered, we will have 15 days to review the same. The proposed Local Advertising materials will be deemed acceptable if we do not deliver a written rejection notice within 15 days after delivery. Local Advertising may be placed in any media you choose, subject to our approval of social media advertising and your compliance with our then-current rules and policies regarding use of social media. You may be required to display our brochures or other materials that advertise the availability of franchise opportunities.

We reserve the right to increase the Local Advertising Fee by up to 1% of Gross Sales annually up to an amount that is no more than 3% of Gross Sales per month, and we will provide you with at least 180 days' prior written notice before any such increase.

Online Sites and Social Media

"**Online Site**" and "**Social Media**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, webpages, microsites, social networking sites (e.g., Meta™, Twitter®, LinkedIn®, YouTube®, Snapchat®, Pinterest®, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., Apple® or Android® apps), and other applications that refer to our Marks, the System, or us.

Online Sites and Social Media are considered both national and local marketing channels. You may not establish an Online Site or Social Media nor offer, promote, or sell any products or services or make any use of the Marks through an Online Site or Social Media without our prior written approval, which we may grant or deny for any reason or no reason.

As a condition to granting consent, we have the right to establish any requirement that we deem appropriate, including that your only presence on the Internet will be through one or more web pages that we establish on our website.

If you decide that you want to design and operate an Online Site, you must deliver to us such information, copies of programming code, content, and other documentation we require no later than 60 calendar days before the Online Site is to go live. We will then have 30 days within which to approve the

proposed information. If we do not deliver the written notice to you in that time, your Online Site is deemed approved.

You may not use a derivative of the www.districtdogs.com URL or acquire any URL that may be construed as a representation of the Marks or System without our approval that will be granted or denied for any reason or no reason.

National Brand Advertising

We reserve the right to establish an advertising and marketing fund for the purposes of developing national brand awareness and collateral materials (“**National Branding**” or “**Brand Fund**”). As described in Item 6, you must pay us 2% per month of your Gross Sales (the “**National Brand Fee**”) to be used for National Branding. You must pay the National Brand Fee commencing with the opening of your DD Business, unless we provide a written waiver. We may increase the National Brand Fee to no more than 3% of Gross Sales at any time after giving you no less than 180 days’ prior written notice.

The National Brand Fee contributions to the Brand Fund will be placed into a bank account (which may or may not bear interest) or another account we deem appropriate separate from our other funds and we will not use them to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of National Brand Account-supported programs (including full or partial salaries of our personnel who devote full- or part-time services to Brand Fund activities). The Brand Fund is not a trust, and we assume no fiduciary duty in administering it. We may make, or refrain from making, any expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year’s aggregate National Brand Fees to the Brand Fund. Any monies not used in any year will be carried over to the next year. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund’s future use.

We have the right to determine the proper operation and other decisions of the Brand Fund, and we will administer the Brand Fund at our sole discretion. We may use your contributions to and any earnings on contributions to the Brand Fund for any costs associated with advertising, marketing, public relations, and/or promotional programs and materials, and any other activities we believe would benefit the “DISTRICT DOGS” brand and the network of DD Businesses generally. The Brand Fund may be used for a variety of purposes and purchases, including, without limitation, to create, produce, and place advertising in local, regional, or national media and pay in-house or outside agency costs and commissions. It may also be used to offset costs associated with the preparation of and presentation of an annual convention, creation, and production of Internet, video, audio, and written advertisements; for the payment to us of costs related to administering the Brand Fund such as reasonable salaries, administrative costs, travel expenses, overhead; hiring and/or retaining internal and/or third parties to develop and create advertising, marketing, promotional, social media and/or public relations materials, programs, campaigns, and media; developing, creating, planning and purchasing advertising campaigns in various media; purchasing media space or time (including all associated fees and expenses); developing and implementing direct mail advertising; employing advertising and/or public relations agencies; conducting and administering promotions, contests, giveaways, public relations events, community involvement activities, etc.; purchasing promotional items; developing new or modified trade dress and marks; developing point-of-purchase (POP) materials, designs and photographs; conducting and administering visual and other merchandising programs; administering regional and multi-regional marketing and advertising programs; conducting market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs and customer retention programs; the creative development of, and actual production associated with, print/radio/television/outdoor/electronic ads, direct mail, press releases, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing

and maintaining an electronic commerce website and/or related strategies; creating, maintaining and developing one or more websites or social media platforms devoted to the System, the Marks and/or the DISTRICT DOGS brand (but not the costs for activities principally directed toward soliciting or promoting the sale of new franchises); developing and implementing training programs for customer service; and providing promotional and other marketing materials and services to the DD Businesses operated under the System, and for any other reasonable purpose. National Brand Fees may be used to solicit franchise sales. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services or improvements approved in advance by us, which products, services or improvements we will have the right to determine will promote general public awareness and favorable support for the System; and providing promotional and other marketing materials and services to our franchisees, and any other activities which we believe will enhance the image of the System. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement.

We make no guarantee to any franchisee that advertising expenditures from the Brand Fund will benefit such franchisee directly or on a pro-rata basis. We assume no direct or indirect liability, obligation, or fiduciary responsibility to you concerning the collection of National Brand Fees or, except as stated above, the maintenance, direction, or administration of the Brand Fund. Apart from the Brand Fund expenditures (which as noted above, there is no obligation to spend these monies pro rata for any franchisee), we are not required to spend any particular amount on marketing in the area or territory where your DD Business is located.

Upon your prior written request, we will make an annual unaudited financial statement for the Brand Fund available to you no later than 120 days after the end of each calendar year.

Any company-owned or Affiliate-owned DD Business will contribute National Brand Fees on the same basis as franchisee-owned DD Businesses, once we have established the Brand Fund and our franchisees are required to contribute to the Brand Fund.

At any time, we may stop collecting and disbursing advertising contributions and terminate the Brand Fund. It will not be terminated, however, until all monies in the Brand Fund have been expended for marketing purposes.

We collected no National Brand Fees in 2022.

Regional Advertising Program

Upon 30 days prior written notice to you, we may allocate all or a portion of the National Brand Fees or your Local Advertising Fee obligations to a regional advertising program (“**Regional Advertising Program**”) for the benefit of DD Businesses located within a designated geographic territory. We will define the territories, require all franchisees and Affiliate-owned and company-owned DD Businesses within such territories to contribute equally at such time that we are requiring our operating franchised DD Businesses to contribute to, or we allocated monies from the National Brand Fees to the Regional Advertising Program, and we use those contributions for advertising purposes. We will control and administer Regional Advertising Programs. There will be no written governing documents. We will prepare unaudited annual financial statements for each Regional Advertising Program. Upon your prior written request, we will make such unaudited annual financial statements available no later than 120 days after the end of each calendar year.

We intend for the National Brand Fee and any Regional Advertising Programs to be continual and perpetual, but we have the right at any time to change, dissolve, merge, suspend, or reinstate the Brand

Fund or Regional Advertising Programs. We will not close the Brand Fund or a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected or refunded.

We do not now have an advertising council. We reserve the right in the future to create one.

POS and Computer System Requirements

You must purchase the POS System we require from our approved vendor. The POS System includes a touch-screen, a cash drawer, an integrated credit card/debit card swipe mechanism, and a printer (POS Hardware) for the vendor's then-current cost, which now is \$450. The software (POS Software) necessary to operate the POS Hardware is supplied by the POS System vendor for a monthly license fee that is currently \$135 per month. We require you to have at least one POS System, though you may opt to purchase additional systems.

You are not now required to purchase a POS Hardware maintenance contract, though we reserve the right to require this in the future, and there will be a cost associated with such contracts. We have no criteria for this and no formula for estimating such costs and cannot provide an estimate of such costs. Even without a maintenance contract, you must maintain the POS Hardware as often as necessary to keep it operational, and this could cost \$100 to \$300 or more per year. The POS Software is maintained and updated by the POS System vendor. There is currently no charge for this service. Our POS vendor may change the fees it charges at any time and in any amount without advanced notice. We have no control over this and cannot quote a cost to you.

We may require you to update the POS System or change POS System as set forth in the Operations Manual.

You must own or purchase our then-required Computer System hardware and software. The Computer System can be of any make or model, including a laptop or desktop system. It must use the most current Apple or Microsoft operating systems and have at least 8 megabytes of Random Access Memory (RAM) and 250 gigabytes of hard drive or solid-state memory, a keyboard, mouse, and monitor. You must also obtain a license to use the Microsoft Office 365 "Business Standard" software suite, which currently costs approximately \$12.50 per month (\$150 per year), and "QuickBooks Essentials," which currently costs \$25 per month (\$300 per year). If you do not have a compatible Computer System, it could cost you \$1,450 (inclusive of the above software licenses) or more to purchase.

You are not now required to purchase a Computer System maintenance contract, though we reserve the right to require this in the future, and there will be a cost associated with such contracts. We have no criteria for this and no formula for estimating such costs and cannot provide an estimate of such costs. Even without a maintenance contract, you must maintain the Computer System as often as necessary to keep it operational, and this could cost \$100 to \$500 per year for each system.

We may require you to update the Computer System every five years during the initial or renewal term and upon a transfer. This could cost \$1,500 or more. You must install and then maintain virus protection software from any manufacturer.

We require you to pay a Technology Maintenance Fee (as of the date of this disclosure document, estimated to be \$250 per month) to offset our costs related to certain technology-related services, including website or email hosting, software or website development. We may increase the Technology Maintenance Fee following written notice of at least 60 days, but we will not increase it by more than 25% each year.

You must maintain high-speed Internet access to the POS and Computer System and use your best efforts to keep all equipment connected, powered on, and in good working order to ensure our access to the information and data regarding your Restaurant.

You must have a business telephone system with rollover that supports three phones for incoming/outgoing calls.

You and we acknowledge that technology changes are dynamic and not predictable during the term of the Franchise Agreement. To provide for changes to technological needs and opportunities, we will have the right to establish, in writing, reasonable new standards for implementing technology in the System. You will comply with any new standards and pay any fees associated with them.

We will have independent access to all of the business-related information generated and stored in your POS System and Computer System at any time we deem appropriate. In our discretion, we will make available certain aggregate data (without identifying the name of any franchisee or its location) to help you manage your Restaurant better. There are no contractual limitations on our right to access this information.

Operations Manual and Table of Contents

We will loan you one copy of the Operations Manual, but it will always remain our property because it is part of the System and contains our confidential, proprietary, and trade secret information. The Table of Contents of the Operations Manual is found at Exhibit C of this disclosure document. The Operations Manual contains approximately 110 pages. The Operations Manual may be delivered to you in writing, made available to you online, or provided in another manner in our discretion.

Franchised Location Selection and Lease Approval

If you do not already have a Franchised Location for your DD Business approved by us before you sign your Franchise Agreement, you and we will execute a Site Selection Addendum to the Franchise Agreement, in the form attached thereto as Exhibit 9, which will identify a “**Site Selection Area**” within which you will find your Franchised Location. A Site Selection Area may be defined by geographic boundaries such as streets, rivers, mountains, or similar physical limitations, political boundaries including city, county, and state lines, ZIP codes, or other measurements we designate to identify its perimeter. We reserve the right to change the method of designing a Site Selection Area at any time. The Site Selection Area gives you the protected right to locate and develop your DD Business in that geographical area during a defined period. We do not own or lease property to be leased or subleased to you.

You must locate a site for your Franchised Location and submit the site location information we require within 120 days of the Effective Date. We will have 30 days to approve or disapprove your proposed site. If we do not approve your first proposed site, you will have 60 more days to find another site and submit it to us for approval. If you fail to meet the deadlines for selecting a site or submit incomplete information, we will deliver written notice to you, and you will have 15 days to cure the deficiency. If you fail to cure the deficiency or if we fail to reach an agreement regarding a site, we have the right to terminate your rights under the Franchise Agreement and retain all fees. Even if your rights are terminated, all restrictive and other covenants of your Franchise Agreements that must survive termination to remain enforceable will survive.

Our assistance in selecting and reviewing a proposed Franchised Location is limited to providing written criteria for a satisfactory Franchised Location and reviewing the information provided to determine whether the location fulfills the requisite criteria.

We base our approval of your proposed site on a variety of factors using our reasonable business judgment, including the various demographic characteristics of the site (e.g., population density, income, dog ownership percentages, and the like), geographic, political, and physical boundaries, the extent of competition, mix of residential and commercial, and whether the proposed site is urban, suburban, or rural. We have no particular expertise in identifying or approving location sites for Franchised Locations.

After we approve your proposed Franchised Location, you will have 120 days to negotiate a lease that must be submitted for review. We will review the lease within 15 days after our receipt.

We have the option to require that the lease be collaterally assigned to us by a collateral assignment agreement (Exhibit 4 to the Franchise Agreement is an example of such agreement) or contain the following terms and conditions:

(i) The landlord must agree that the lease and your right, title, and interest under the lease may be assigned to us or our designee without the landlord's consent; and

(ii) The landlord must provide written notice to us at the same time it gives such notice to you of any default by you under the lease. We must be given an additional 15 days after your period of cure has run to cure, at our sole option, any such default, and upon the curing of such default, we must be given the right to enter the leased premises and assume your rights under the lease as if you had assigned the lease to us.

In connection with our consent to the Franchised Location, you shall execute, and cause the landlord to execute, a Lease Rider including the terms in Exhibit 10 to the Franchise Agreement.

You may request that we visit your Franchised Location while it is being built, or we may (but have no obligation to) decide to visit your site during construction. You will pay the then-current Construction Oversight Fee plus room and board if this occurs.

Licenses and Permits

You must obtain all licenses, permits, and certifications required for the lawful construction and operation of your DD Business, including health and safety permits, zoning, access, parking, sign permits, and similar documentation. You will certify to us in writing that all such permits, licenses, and certifications have been obtained before the Opening Deadline. We have the right to terminate the Franchise Agreement if you cannot obtain all necessary permits for your DD Business's operation. In that case, all covenants of the Franchise Agreement that must survive termination to remain enforceable will survive and remain enforceable, but no refund will be granted.

Inventory, Renovation, and Maintenance

You must keep your DD Business fully stocked at all times with the necessary inventory items. You must maintain in sufficient supply, and must use and/or sell at all times only such products, materials, and supplies conform to our written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without our specific prior written consent.

You must at all times maintain the DD Business in a high degree of sanitation, repair, and condition, and must make such additions, alterations, repairs, and replacements (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor as we may reasonably direct. Throughout the term of the Franchise Agreement, you must maintain all of the fixtures, furnishings, equipment, decor,

and signs that we prescribe from time to time in the Operations Manual or otherwise communicate to you in writing or through electronic or other formats. General maintenance of your DD Business, including repainting, replacing worn furniture, fixtures, and equipment, cleaning, and the like, is not a Renovation (defined below). Such maintenance will occur as often as necessary to maintain a clean and attractive Franchised Location. Throughout the term of the Franchise Agreement, you must maintain all of the fixtures, furnishings, equipment, decor, and signs that we prescribe from time to time in the Operations Manual or that are otherwise communicated to you in writing or through electronic or other formats.

We may require you to renovate your DD Business but no more often than once every five years during the initial and any renewal term and at the time of a transfer. DD Business “**Renovations**” are the changes we may require you to make to the DD Business to meet our then-current configuration and may include changes to the offered DD Services, Branded Goods, Permitted Products, Service Products, interior and exterior decor, furniture, fixtures, equipment, and changes to the DD Business’s operations to conform to the then-current System look and feel. As the cost of a Renovation will vary depending on your location in the country, the availability of replacement equipment, signs, and the like, and the availability of labor and materials, we cannot estimate the cost of such Renovations.

We may require you to change your mix of Branded Products, Permitted Products, Service Products, furniture, fixtures, and equipment (if we introduce such changes to the system) and the like from time to time (and more often than once during each initial term and renewal term), and such changes will not be considered a Renovation. You will pay the costs of such changes.

Training

We will offer Initial Training to your Principal Operator, you, and one additional person (who may be your Designated Manager) that must be completed within 90 days after the Effective Date. If you fail to complete Initial Training to our satisfaction, we have the right to terminate your Franchise Agreement (but all restrictive and other covenants that must survive termination will survive) and will refund 50% of your IFF.

Initial Training will be conducted in Washington, D.C., or at an alternative location we determine. We offer Initial Training as needed but no more often than once monthly. We will let you know the next available training date on the Effective Date. The training materials include the Operations Manual, handouts, or other written or online instructional materials we provide.

We reserve the right to waive a portion of Initial Training or alter the training schedule in our discretion if we determine that you or your designated attendee has sufficient prior experience or training.

You will pay for any transportation and living expenses incurred to attend Initial Training.

Initial Training typically lasts for 10 business days with approximately 32 hours of classroom training and 30 of on-the-job training. You are responsible for travel, room, and board while at Initial Training.

If you propose transferring your DD Business to a third party, part of our approval process will require that the transferee attend Initial Training and pay the then-current additional personnel training fee (Item 6).

For the first DD Business you open, we may send a representative to you on the day before you open and for the following two days to help with your grand opening and initial operations. We may charge our then-current Opening Help Fee.

TRAINING PROGRAM

Subject	Hours of Online Training	Hours of On-the-Job Training	Location
Orientation	6	2	Washington, D.C., or another location we approve.
Intake Procedure	1	4	Washington, D.C., or another location we approve.
Dog Training and Grooming	3	0	Washington, D.C., or another location we approve.
Dog and Personnel Safety Training	10	20	Washington, D.C., or another location we approve.
Finance and Operations	6	2	Washington, D.C., or another location we approve.
Marketing and Technology	6	2	Washington, D.C., or another location we approve.
TOTAL	32 hours	30 hours	

Initial Training will be primarily directed by Mr. Hensley, identified in Item 2. Mr. Hensley has had extensive experience training our Affiliates' employees in all of the above subjects as well as the active management of over 100 employees across disparate locations. Other persons who are active in our operations and administration may assist with Initial Training on specialized subjects including but not limited to: dog handling, staff management, procedures and operations, adverse events and customer interaction.

We will make Initial Training available to a replacement or additional Designated Managers or Principal Operators during any Term. We reserve the right to charge the then-current additional personnel and transferee training fee. You must pay for all travel and living expenses incurred by your personnel during attendance at the Initial Training program. The availability of the Initial Training program to such additional individuals will be subject to space considerations and prior commitments to new franchisees.

We may provide you with additional, supplemental, or remedial training and support on an as-needed basis as you request or as we deem reasonably necessary. You may be required to pay the then-current optional training, additional required training, or assistance fee, plus any travel, room, and boarding costs we incur. Additional training can take place at any time and may include training conducted online, at your Franchised Location, or at any other location we designate. We will notify you of any mandatory, voluntary, or remedial training and the requisite fee at a reasonable time before such training is scheduled to occur. Additional training can take place at any time and may include training conducted online, at your Franchised Location, or at any other location we designate. We will notify you of any mandatory, voluntary, or remedial training and the requisite fee at a reasonable time before such training is scheduled to occur.

From time to time, we may provide bulletins, brochures, manuals, and reports, if any, as may be published regarding plans, policies, developments, techniques, improvements to the DD Services, Branded Products, Permitted Products, Service Products, and operations and management that we feel may be relevant to the operation of your DD Business.

Annual Conferences, Local Meetings, and Regional Meetings

At such time in the future we deem it appropriate, we may hold an annual conference for which attendance will be mandatory. You will pay our then-current Conference Attendance Fee. (Item 6). We will let you know if and in what amount this fee may be before attending the Annual Conference. You will be responsible for paying all expenses for travel, accommodations, food, and other expenses incurred. When it is known, you will be provided with the duration and location of such annual conference meeting, the identities of those persons who will present information at the annual conference, any attendance fee to be collected, and the content of any seminars or information to be delivered. Any annual conference will be held at a location we determine.

If we hold any local or regional meetings, they will last between one and two days and will be held at a location we determine within a reasonable commuting distance from you. Any instructors at such meetings will be persons whose identities and backgrounds will be disclosed to you before the meeting.

ITEM 12

TERRITORY

You will operate your DD Business and use the Marks, the Proprietary Information, and the System only at your Franchised Location. You will receive a “**Protected Territory**” that we will describe. The perimeter of your Protected Territory will be defined by one or more geographic limitations such as streets or mountains, ZIP codes, political subdivisions such as a city or county, and whether the location is in an urban or rural environment, or other boundaries we determine, and will be based on our current criteria, including population density, dog-ownership density, and other economic and geographic factors. It may have no specific geometric shape. The size of the Protected Territory granted will vary from franchise to franchise and will be determined in our sole discretion. Your Protected Territory will be determined according to the following parameters:

- a. If there are fewer than 50,000 District Dogs Profile Individuals (defined below) that reside and/or work within a 3-mile radius from the approved site for your DD Business, then your Protected Territory will consist of the geographic area within a 3-mile radius from the approved Franchised Location.
- b. If there are more than 50,000 District Dogs Profile Individuals that reside and/or work within a 3-mile radius from the approved site for your DD Business, then your Protected Territory will consist of a geographic area designated by us that includes a minimum of 50,000 District Dogs Profile Individuals that reside and/or work in the area. Under this scenario, we may designate the boundaries of your Protected Territory in any manner we desire, such as by radius (which may be less than 3 miles), zip codes, municipal boundaries, streets, polygons or any other method we deem appropriate.

A “District Dogs Profile Individual” is an individual that meets certain criteria or characteristics that we establish from time to time that we have found indicate a person may become a DD Business customer, or have characteristics of the populations of our existing customers or the trademarks surrounding the existing DD Businesses. We may use any demographic software, census, database or other data repository we designate for purposes of determining the number of District Dogs Profile Individuals within a geographic area, that may include economic data, household income, age parameters, and similar factors. A single “District Dogs Profile Individual” may be counted twice if such person both works and resides within the same area. We consider the characteristics that determine a “District Dogs Profile Individual” to be a trade secret. We may change the criteria and/or characteristics that define a District Dogs Profile Individual at any time in our sole discretion, provided that we uniformly apply the change for purposes of designating franchised territories.

Also, consideration will be given to factors such as drive time to the DD Business, and natural or man-made barriers (such as bodies of water, bridges, etc.) The Protected Territory will be determined when your Franchised Location is approved. If it is approved before you sign the Franchise Agreement, your Protected Territory will be agreed upon before you sign the Franchise Agreement.

For so long as you comply with your Franchise Agreement, we will not permit another franchisee, company-owned, or Affiliate-owned DD Business to operate a DD Business at a physical “brick and mortar” location within your Protected Territory. If you breach the Franchise Agreement, we may, in our sole discretion, and in lieu of our termination rights under the Franchise Agreement, reduce the size of your Protected Territory. We reserve all other rights to operate in or outside the Protected Territory, including without limitation, those reserved rights identified below.

Reservation of Rights

We and our Affiliates reserve the rights, among others, to:

(a) Own, franchise, or operate businesses similar to your DD Business and use the Marks and the System anywhere in the world other than within your Protected Territory. We have no current plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark, but we reserve the right to do so.

(b) Use the Marks and the System to sell any products or services that may be similar to those you will sell through any alternate channels of distribution anywhere in the world, including within the Protected Territory. These alternate channels include retail locations (such as grocery stores or convenience stores), television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all. We will not pay any compensation for soliciting or accepting such orders from inside your Protected Territory.

(c) Use or license others to use anywhere in the world or through alternate channels of distribution other trademarks, trade names, service marks, and logos that are not the same as or confusingly similar to the Marks in the operation of a business that offers goods, services, and related products and services which may be similar to or different from those offered by your DD Business, and even if those other businesses are located in the Protected Territory.

(d) Purchase, be purchased by, merge, or combine with any other business, including a business that competes directly with your DD Business wherever located, so long as the trademarks, trade names, logos, or similar marks are not the same as or confusingly similar to the Marks.

(e) Acquire and convert to our System any businesses offering services and products similar to those offered by your DD Business, including businesses operated by competitors located within your Protected Territory (but with trademarks that are not the same as or confusingly similar to the Marks), that are independently operated, or are a part of or in association with any other system or chain; and,

(f) Retain all other rights not specifically granted to you.

As described above, you will receive a Protected Territory with certain territorial protections, and we have reserved certain rights concerning operations in the Protected Territory. Therefore, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

If you and we enter into a successor Franchise Agreement, we have the right to modify the Protected Territory (in addition to including other terms and conditions that may be materially different from the prior form of Franchise Agreement that you entered into with us). When considering a modification to a Protected Territory upon renewal, our current policy is to consider, in part, the current demographic situation.

Additional Development Rights and Minimum Sales

You receive no additional development rights, and no minimum sales are required to maintain your Protected Territory.

Site Selection Area

After you sign the Franchise Agreement, but before you have an approved premises for the DD Business, you will need to locate a site. You will sign the Site Selection Addendum attached to the Franchise Agreement. You will have 120 days (the “**Search Period**”) to locate a site to acquire or lease/sublease for the DD Business. We and you will establish an area within which you will search for a site (the “**Site Selection Area**”). The Site Selection Area will be larger than an expected Protected Territory, and will likely encompass approximately 3 to 5 Protected Territory potential market areas; any one of which is likely to have a sufficient number of potential customers for a Protected Territory (see demographic considerations for a Protected Territory above). The Site Selection Area is described solely for the purpose of selecting a site for the DD Business. We will not establish, nor franchise another to establish, a DD Business within the Site Selection Area until we approve a location for the DD Business, or until the expiration of the Search Period, whichever event first occurs.

Relocation

You may relocate your DD Business only after receiving our express written permission, which will be considered using our reasonable business judgment. We must approve the new location in the same manner as we are then approving sites. We may require you to pay our then-current Relocation Fee. There will be no refund if you cannot find and have approved a new location.

In the event of a relocation, you may be required to design, build, permit, fixturize, provide new DD Services, and carry inventory required by new franchisees. If we are not then offering franchises, you will be required to adhere to the requirements we set at the time.

ITEM 13

TRADEMARKS

As used in this disclosure document and the Franchise Agreement, Marks include our trademarks, service marks, trade names, logos, and other commercial symbols. We grant you the right to use certain Marks under the Franchise Agreement, including the principal marks shown below.

Our IP Affiliate owns the following registrations recorded with the United States Patent and Trademark Office (USPTO):

Registration Number/Serial Number	Description of Mark	Registration Date or Application Date	Principal/Supplemental Register
Reg. No. 5,851,111		June 18, 2019	Principal
Reg. No. 6,422,101	DISTRICT DOGS (word mark)*	May 7, 2021	Supplemental
Ser. No. 97583247	DISTRICT DOGS (word mark)*	Application Date: September 8, 2022	Principal

*We do not have a federal registration of the above the two Marks noted with an asterick on the Principal Register of the USPTO. One is registered on the Supplemental Register, and the other is currently pending on the Principal Register. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark on the Principal Register. If our or our affiliate's right to use the Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have a license agreement with our IP Affiliate that allows us to use the Marks in conjunction with the sale of franchises and to sublicense the Marks to you. The license runs for 30 years and will be automatically renewed for three additional ten-year terms so long as we monitor our franchisees' use to ensure the maintenance of the goodwill associated with the Marks. If we breach the license and our IP Affiliate terminates it, our DD Affiliate may, in its sole discretion, license the Marks directly to each franchisee.

We grant you the nonexclusive right to use the Marks in connection with the operation of your DD Business. You must use the Marks only to operate your DD Business as authorized by us.

Except for the above license, no currently effective agreements significantly limit our rights to use or license the Marks in any manner material to the franchise. There are no infringing uses or previous superior rights known to us that can materially affect your use of the Marks in the state where your DD Business may be located.

There are presently no effective material determinations of the USPTO, or any trademark, trial, or appeal board, any state trademark administrator, or any federal or state court (either pending or threatened) claiming interference, opposition, or cancellation of any of the Marks.

There is no pending federal or state court litigation regarding our use or ownership rights in any Marks. All required affidavits have been or will be filed.

Our IP Affiliate and we will have the right, in our sole discretion, to control or take any action or administrative proceeding because of any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. Our IP Affiliate and we may commence or prosecute such action in our name and join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. Our IP Affiliate and we have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks if such use violates the Franchise Agreement. If you learn that

a third party is not authorized to use the Marks (or any variant), you must notify us promptly. Our IP Affiliate and we will determine whether or not to take any action against the third party. You have no right to make any demand or prosecute any claim against the alleged infringer.

We have secured the Internet domain name www.districtdogs.com. We may secure other domain names at our discretion.

If we determine in our sole discretion that it is necessary to modify or discontinue the use of any Marks, or any portion of the Proprietary Information or the System or to develop additional or substitutes for any such component, you will at your sole expense take such action within a reasonable time after receipt of written notice of such a modification or discontinuation from us as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You must notify us in writing of any possible infringement on the Marks or any component of the Proprietary Information or the use by others of any Mark, portion of the System, or any Proprietary Information that may be the same as or confusingly similar to that used by us.

Your use of the Marks and any goodwill you establish is to our exclusive benefit, and you retain no rights in the Marks during the term of the Franchise Agreement or upon the termination or expiration of the Franchise Agreement.

You may not use the Marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Marks, as we may periodically designate. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your DD Business by placing your name on all checks, invoices, receipts, contracts, stationer, or other documents that bear any of the Marks, and on all printed materials, your name must be followed by the phrase “a franchisee of DD Franchise LLC” or words to that effect.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We hold no patents. We claim common-law copyright protection of our Operations Manual and related materials and advertisement and promotional materials, although such materials may not have been registered with the United States Copyright Office. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. We know of no copyright infringement that could materially affect you. No agreements limit your use of the System or any copyrighted materials.

We reserve all applicable rights to the Proprietary Information. We will disclose certain elements of the Proprietary Information to you during our training programs, seminars, and conferences, in the Operations Manual, and through guidance furnished to you during the term of the Franchise Agreement. These elements are considered proprietary and confidential, are our property, and may be used by you only as provided in your Franchise Agreement.

No agreements in effect that significantly limit your right to use any of the copyrighted materials or Proprietary Information. There are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress), or any court pertaining to or affecting any of our copyrights discussed above. No infringing uses are known to us that could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We have the right to control any administrative proceedings or litigation involving our System or the copyrighted materials. You must promptly notify us if you learn of any claim against you for an alleged infringement, unfair competition, or similar claims about the System or copyrighted materials. We will take the action we deem necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims. We have no obligation to defend or indemnify you if a claim against you is related to your use in violation of the Franchise Agreement.

If we, in our sole discretion, determine it necessary to modify or discontinue the use of any portion of the System or the copyrighted materials or to develop additional or substitutes for a portion of the System or the copyrighted materials, you will, within a reasonable time after receipt of written notice of such a modification or discontinuation from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

You agree that the Proprietary Information is disclosed to you solely on the conditions (among others) that you will (i) not use the Proprietary Information in any other business or capacity, (ii) maintain the absolute confidentiality of the Proprietary Information during and after the term of the Franchise Agreement, (iii) not make unauthorized copies of any portion of the Proprietary Information disclosed in written form, and (iv) adopt and implement all reasonable procedures required by us to prevent unauthorized use or disclosure of the Proprietary Information, including, without limitation, restrictions on disclosure thereof to employees of your DD Business and the use of nondisclosure and non-competition clauses in employment agreements with such persons.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your Principal Operator, your Designated Manager, or you must personally participate in the direct day-to-day operation of your DD Business, though we always recommend that you personally operate the business day-to-day.

Your Designated Manager, Principal Operator, and you must pass our training. Any new Principal Operator or Designated Manager must be identified to us within five business days of the person's hire date and must also pass our training. A Designated Manager need not own an equity interest in your franchisee entity. Your Designated Manager must abide by all confidentiality requirements of your Franchise Agreement and may, in the future, be required to sign a confidentiality and non-competition agreement.

If you execute the Franchise Agreement as a business entity or convert to a business entity other than a sole proprietorship in the future, then your Principal Operator, Designated Manager, you, any officers, directors, managers, members, holders of any equitable interest in your business entity, and all others who may take an active role in the operation and management of your DD Business including, without limitation, any family members of those identified in this sentence may be required to sign a non-disclosure and non-competition agreement, and any owner of 5% or more of the ownership interest in the franchisee entity must sign a personal guaranty assuming and agreeing to discharge all of the franchisee's obligations under your Franchise Agreement.

You will have sole responsibility for all employment decisions and functions related to your DD Business, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs

or training that we may offer. You and your managers must comply with all federal, state and local laws and regulations regarding employment-related matters. All personnel decisions must be made by you, and all decisions will be made without any influence or advice from us. All personnel decisions and actions will not be, nor be deemed to be, a decision or action of ours. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may periodically establish in the Operations Manual.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all of those products and services approved by us and specified in the Operations Manual and any periodic updates incorporated into the Operations Manual. You may not offer for sale any products or services not specifically approved by us in writing, and you may not use your DD Business for any other purpose than the operation of your DD Business and the sale of products approved by us. You may not operate any other business at the Franchised Location. You may operate the DD Business only from the Franchised Location, and only in accordance with the requirements of the Franchise Agreement and the procedures and terms and conditions described in the Operations Manual.

We may add to, delete from, or modify the products and services that you can and must offer, and there are no limits on our right to do so. You must abide by additions, deletions, and modifications to the Operations Manual.

If you breach the Franchise Agreement, we have the right to terminate you.

ITEM 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The Franchise Relationship

This table lists certain 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 the franchise term	6.	10 years.
b. Renewal or extension of the term	6.	Two five-year terms. You may be required to sign the then-current Franchise Agreement, which may have terms significantly different than those of the Franchise Agreement attached to this FDD.
c. Requirements for franchisee to renew or extend	6.	Written notice, full compliance with your Franchise Agreement(s), Renovation, sign then-current Franchise Agreement, sign release, pay the renewal fee, and we must have determined in our reasonable business judgment to allow you to renew. The renewal franchise agreement may

Provision	Section in Franchise Agreement	Summary
		have materially different terms and conditions from your original Franchise Agreement.
d. Termination by franchisee	Not applicable.	Not applicable.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	13.1.	We can terminate only if you commit any one of several listed violations. See (g) and (h) below. Read your Franchise Agreement carefully.
g. “Cause” defined – curable defaults	13.2.	You have thirty days to cure any defaults under your Franchise Agreement except those described in (h) below. Read your Franchise Agreement carefully.
h. “Cause” defined – non-curable defaults	13.1.	Non-curable defaults: bankruptcy, abandonment of business, failure to pay amounts due after five days’ notice, misuse of Marks, disclosure of System, breaches beyond two in a term even if cured, violation of the lease, and loss of possession of the property, understatement of royalties of 4% or more, a cross-default of another agreement, surrender of control of the DD Business or its assets, material judgment against you, misrepresentation or omission in the application, violation of law and failure to cure, felony or misdemeanor conviction offenses involving moral turpitude or which may affect the System, violation of law, engaging in activity which has an adverse effect on System, unauthorized assignment, improper assignment upon death, failure to timely cure other breaches. Read your Franchise Agreement carefully.
i. Franchisee’s obligations on termination/non-renewal	14.	Obligations include ceasing operations and using Marks and Proprietary Information, payment of outstanding amounts, de-identification of DD Business, returning the Proprietary Information, assigning contact information to us, complying with all restrictive and other covenants that survive termination.
j. Assignment of contract by franchisor	12.1.	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	12.2.	Sale, assignment, gift, pledge, court order, death, mortgage, or other disposition of any part of your Franchise Agreement, ownership of you, or your DD Business.
l. Franchisor approval of transfer by franchisee	12.3.	We must approve Transfers. See (m) below. Transferee has background that we approve, financial resources that we approve, the transferee pays for training (Item 6), and payment of the transfer fee. We have 30 days right of first refusal.
m. Conditions for franchisor approval of transfer	12.3.	You must not be in breach of your Franchise Agreement, you must have no outstanding defaults or money owed, you must have submitted all reports, the Franchised Location must be Renovated, you must provide terms to us, and the

Provision	Section in Franchise Agreement	Summary
		transferee must have signed the then-current Franchise Agreement and attended training for which there may be a fee (Item 6), transfer fee paid, you must have signed release, a transferee has the background and financial resources we approve. We have 30 days right of first refusal.
n. Franchisor's right of first refusal to acquire franchisee's business	12.8.	30 days on the same terms as the <i>bona fide</i> offer.
o. Franchisor's option to purchase your business	15.	Upon termination or expiration of your Franchise Agreement, we have the option (but not the obligation) to purchase a part or all of your assets for fair market value before you offer them to a third party.
p. Death or disability of franchisee	12.7.	Franchise must be assigned to an approved buyer within 180 days.
q. Non-competition covenants during the term of the franchise	18.1.	No involvement in a "Competitive Business." A Competitive Business is a dog training, dog daycare, grooming, boarding, or similar business offering the same or commercially similar services as those offered at your DD Business at the time of the expiration, termination, or transfer of your franchise rights, which services comprise more than 5% of the competitive business's gross sales.
r. Non-competition covenants after the franchise is terminated or expires	18.2.	No involvement in a competing business for 24 months within your Protected Territory or that of another franchisee or company-owned or affiliate-owned business or within 10 miles from the perimeter of your Protected Territory, or 10 miles of the perimeter of your Protected Territory, or that of another franchisee or company-owned or affiliate-own business.
s. Modification of the agreement	20.2.	Only by both parties' written agreement, but the Operations Manual is subject to change.
t. Integration/merger clause	20.1.	Subject to state law, only the terms of your Franchise Agreement are binding. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	19.	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except that we can go to court to seek injunctive relief).
v. Choice of forum	19.3.; 19.5.	Subject to state law, mediation is to be conducted within 30 minutes of our then-current principal place of business (currently in Washington D.C.), any litigation is to be conducted in the judicial district of our then-current principal place of business, and we also have the right to file suit against you where you reside or where the DD Business is located. The parties waive their right to a jury trial. (See notes 1 and 2)

Provision	Section in Franchise Agreement	Summary
w. Choice of Law	19.1.	Subject to state law, the laws of the District of Columbia apply. (See notes 1 and 2)

Notes:

1. Some states have statutes and/or court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.
2. In addition to the provisions noted in the chart above, the Franchise Agreement contain a number of provisions that may affect your legal rights, including a waiver of a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Article 19 of the Franchise Agreement (as amended by applicable state law). We recommend that you carefully review all of these provisions, and the entire contracts, with a lawyer.
3. If a state law requires any modification to these provisions of the Franchise Agreement (or other provisions described in this Item 17) or requires additional terms, those modifications will be found in the disclosure addenda and contractual amendments appended to this disclosure document.
4. If any of the provisions in the Franchise Agreement, including those summarized above, are inconsistent with, or contrary to, applicable state law, the requirements of the applicable law or laws will be substituted for the inconsistent or contrary provisions in the agreements.

ITEM 18

PUBLIC FIGURES

We currently do not use any public figures to promote our franchise. There is no compensation or other benefit given or promised to any public figure arising from either the use of the public figure in the name or symbol of the Franchise or the endorsement or recommendation of the Franchise by the public figure in advertisements. There are no public figures involved in our management.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Presented below are historical financial results from three "affiliate-owned" District Dogs Businesses. As noted in Item 1 above, and Item 20 below, our affiliate-owned District Dogs Businesses (or DD Businesses) are owned and operated by DD Affiliate. Please carefully read all of the information in this Item 19, including the introductory remarks and explanations prior to the charts, and the notes that follow the charts, along with the historical data in the charts.

District Dogs 2023 FDD (MD)

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19-A: Affiliate-Owned DD Businesses – Revenue & Expenses

Presented below in 19-A are historical financial results for three DD Businesses that have been open for at least 12 months as of December 31, 2022. All three locations are in Washington, DC, and are referred to as “Navy Yard,” “Shaw,” and “Park View.” The charts below provide the Revenue for each DD Business for the calendar year 2022. In addition, for each DD Business, the charts provide a summary of the principal expense items that each DD Business incurs: lease expenses, payroll, and other expenses. The footnotes following the 19-A charts provide additional details and explanations.

Navy Yard -- 2022

Revenue & Expenses		
<u>Revenue</u>	<u>\$ 2,066,240</u>	<u>%/Rev</u>
Lease Expenses	\$ 165,049	8%
Payroll	\$ 1,033,115	50%
<u>Other Expenses</u>	<u>\$ 90,000</u>	4%
<u>Net Profit</u>	<u>\$ 778,000</u>	38%
Imputed Royalty (6.9%)	\$ 142,570	
Imputed Brand Fund (2%) and Local Advertising Expenditure (\$500/month)	\$ 41,325 \$6,000	
Adjusted Net Profit	\$588,105	

Shaw – 2022

Revenue & Expenses		
<u>Revenue</u>	<u>\$ 1,925,271</u>	<u>%/Rev</u>
Lease Expenses	\$ 151,424	8%
Payroll	\$ 897,392	47%
<u>Other Expenses</u>	<u>\$ 99,343</u>	5%
<u>Net Profit</u>	<u>\$ 777,112</u>	40%
Imputed Royalty (6.9%)	\$ 132,843	
Imputed Brand Fund (2%) and Local Advertising Expenditure (\$500/month)	\$38,505 \$6,000	
Adjusted Net Profit	\$599,764	

Park View – 2022

Revenue & Expenses		
<u>Revenue</u>	<u>\$ 418,248</u>	<u>%/Rev</u>
Lease Expenses	\$ 55,774	13%
Payroll	\$ 152,028	36%
<u>Other Expenses</u>	<u>\$ 61,000</u>	15%
<u>Net Profit</u>	<u>\$ 149,874</u>	36%
Imputed Royalty (6.9%)	\$ 28,859	
Imputed Brand Fund (2%) and Local Advertising Expenditure (\$500/month)	\$8,365 \$6,000	
	\$106,650	
Adjusted Net Profit		

19-B: Affiliated-Owned DD Business – Revenue Mix

The chart below provides the approximate breakdown of the Revenue at the Navy Yard and Shaw locations in 2022, allocated by the principal services offered at the DD Businesses, which are daycare, boarding, training, grooming, and other services. The notes following the 19-B chart provides additional information and explanations.

**Revenue Mix
(Navy Yard and Shaw)
2022**

	<u>%/Rev</u>
Daycare	32% - 36%
Boarding	24% - 29%
Training	7% - 10%
Grooming	24% - 28%
Other	3% - 8%

Notes to Charts in 19-A:

1. All three DD Businesses are located in Washington, D.C. Park View opened in November 2016; Navy Yard opened in March 2019; and Shaw opened in October 2020. The Navy Yard location is approximately 3,000 square feet; the Shaw location is approximately 3,000 square feet; and the Park View location is approximately 1,750 square feet. The Park View location is a stand alone building. The Navy Yard and Shaw locations are on the ground floor of a retail building in a mixed use area (commercial, retail and residential).

2. Our other two affiliate-owned DD Businesses – one located in Arlington, Virginia, and the other in the “Rhode Island Avenue NE area” of Washington, D.C. – opened in 2022, and we do not have a

full 12 months of operating data, as of December 31, 2022. Consequently, they have not been included in this Item 19.

3. **Service Offerings:** The Navy Yard and Shaw DD Businesses offer the full range of required services, which are daycare, boarding, training, grooming, and other services such as treats, “cuddle sessions,” and other individual dog activities. Due to Park View’s smaller size footprint, it only offers structured daycare, special events and training.

4. **“Revenue”** includes all revenues from the sale of services, and miscellaneous products to customers of the DD Business. Revenue also includes revenue before deductions for discounts, coupon sales, and credit card fees. It does not include sales taxes collected for payment to the appropriate government agencies. “Revenue” is essentially equivalent to “Gross Sales” under the Franchise Agreement.

5. **“Lease Expenses”** include rent, real estate taxes, common area maintenance charges, and other facility expenses.

6. **“Payroll”** includes the total wages (including taxes and benefits) for all hourly staff of each DD Business. The “Payroll” figures include salary, wages, or benefits for the general manager or the assistant managers. The benefits include 401(k) match of 1%, health insurance for full time staff (health, dental, and vision), and paid time off. Your benefits package to employees may include some, all, or none of the expenses incurred by these DD Businesses. You will be required to pay payroll taxes for your employees to local, state and federal governments for FICA, and federal and state unemployment insurance, based on the wages paid to employees. These amounts are set by governmental authorities, and will vary from state to state.

7. You, as a franchisee, will have the sole discretion to determine the number of employees and managers you will hire, and their hours, compensation, and benefits. For our Affiliate’s locations in Navy Yard and Shaw, we have one general manager, two assistant general managers, one supervisor, and approximately 10 to 15 employees who may be full-time or part-time. The total amount of salaries for your employees and managers at a particular location will vary according to local wages, the number of employees, and the number of hours that the DD Business is open for business. It will also depend on whether an individual franchisee owner will serve in a capacity as a general manager or some other capacity. You must make labor, wage, and benefit determinations based on your market, demand for labor in your market, employee experience, and other factors. You may set and pay compensation (and any benefits) at any level you determine. The figures in the chart do not include any compensation to a franchisee or owner. But, as a franchisee, you may decide to compensate one or more of your owners in lieu of one or more managers.

8. **“Other Expenses”** include supplies and materials, software and technology, utilities, staff events, vehicle repair and maintenance, legal and professional fees.

9. **“Net Profit”** is derived from the Revenue, less the Lease Expenses, Payroll Expenses, and Other Expenses. Net Profit does not reflect other costs of the business such as interest on any loans or notes, income taxes, bad debts, or bank charges. (See also Note 15.)

10. **Expense Percentages:** Each line item in the charts under the heading “Revenue & Expenses” includes an absolute dollar figure for each expense or cost item (e.g., \$1,033,000 for Payroll at Shaw), and a percentage figure. The percentage is a ratio of that particular cost as a percentage of total Revenue. The figure is derived by taking the cost figure (e.g., \$1,033,000) divided by the total Revenue (e.g., \$1,925,000). For example, for Payroll at the Shaw location, the percentage is:

$$\frac{\text{Payroll}}{\text{Revenue}} = \frac{\$1,033,000}{\$1,925,000} = 54\%$$

11. **“Imputed Royalty”** is the amount of royalty that would have been paid in 2022, based on the standard 6.9% royalty rate, for the Revenue of each particular DD Business in the charts. This statement is required by applicable franchise regulations, but it is not a statement that you or any franchisee is expected to achieve the same level of sales. It is intended only as a statement that if a DD Business were to achieve the level of Revenue that was achieved by each of these DD Businesses, this is the amount of the royalty fee that would be owed to us. You will be required to pay royalty fees, which are 6.9% of Gross Sales which is “Revenue” for our affiliate owned DD Businesses. Royalty fees are not paid by affiliate-owned DD Businesses.

12. **“Imputed Brand Fund and Advertising Expenditure.”** Franchisees will be required to pay Brand Fund contributions to us in the amount of 2% of Gross Sales. In addition, franchisees are required to spend \$500 per month on local marketing and promotion (these are not paid to us, but to third party providers of advertising, marketing, and promotional services). The **“Imputed Brand Fund and Advertising Expenditure”** is the minimum amount of advertising expenditure that would have been contributed to the Brand Fund (2%) and spent on local advertising (\$6,000) in 2022, based on the Revenue for that particular DD Business in the charts. This statement of Imputed Brand Fund and Advertising Expenditure is required by applicable franchise regulations, but it is not a statement that you or any franchisee is expected to achieve the same level of sales. It is intended only as a statement that if a DD Business were to achieve the level of Revenue that was achieved by each of these DD Businesses, this is the amount of Brand Fund contribution and Local advertising expenditure that would be required under the Franchise Agreement. The DD Businesses in the chart above did not contribute to the Brand Fund as it has not been created. However, in the future, affiliate-owned DD Businesses will contribute to the Brand Fund in the same percentages as required of a franchisee. In addition, our Affiliate incurs advertising and marketing expenditures each year that are applicable to the brand and for all of the Affiliated-owned operating DD Businesses locations, including those not reflected in this Item 19, although some of those expenditures may be directed to or for one or more locations. These expenses are not specifically allocated to, or allocable to, individual locations. Some examples of advertising and marketing expenses include Google domain advertising, in-store marketing materials, and a marketing design professional. These costs are not included in the charts.

13. **Adjusted Net Profit.** Adjusted Net Profit is arrived at by taking the Net Profit, and subtracting the Imputed Royalty and the Imputed Brand Fund and Local Advertising Expenditure.

14. A franchisee will incur other expenses of doing business, and these are likely to vary among franchisees. Among the categories of expenses which franchisees may incur (many of which are included in the chart above) include, but will not necessarily be limited to, the following: rent, utilities, and other occupancy costs; franchisee compensation over and above that earned from the operations of the DD Business (such as a salary that a franchisee may pay to himself/herself); voluntary employee benefits, such as health, vacation, and pension plan contributions; debt service; insurance; facilities and property maintenance (and reserve for future maintenance); business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; and bookkeeping and other professional services.

Notes to Chart in 19-B “Revenue Mix”:

1. **“Revenue Mix”** reflects the appropriate revenue from the different service offerings at the two full-service DD Businesses, Navy Yard and Shaw.

2. **Service Offerings:** See Note 3 under 19-A above for an explanation of the five categories of service offerings.

2. **Revenue Mix Percentages:** The percentage is a ratio of the revenue from that particular service offering as a percentage of total Revenue. The figure is derived by taking the dollar volume of the particular service for a location for 2022, divided by the total Revenue in 2022 for that location. The Revenue Mix percentages are provided as ranges because these reflect the revenue mix at the two locations that offer the full range of services, and there are some differences in the internal accounting of revenue and timing of revenue recognition at the two locations, based on the use of point of sale software for recording different revenue.

* * *

- You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable and to consult your attorney, accountant, and other professional advisors before entering into a Franchise Agreement. You should construct your own pro forma cash flow statement, balance sheet, and statement of operations, and make your own financial projections regarding sales, revenues, costs, customer base, and business development for your own District Dogs Business.
- The operating data in the charts were prepared from internal operating records provided to us by DD Affiliate in accordance with generally accepted accounting principles. The information presented in this Item 19 has not been audited.
- **Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**
- Written substantiation for the financial performance representation will be made available to you upon reasonable request.
- Other than the preceding financial performance representations in this Item 19, we do not make any financial performance representations. We do not authorize our employees or representatives to make any 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 our management by contacting Jacob Hensley, Managing Partner, DD Franchise LLC, 1310 T Street, NW, Unit 1, Washington, D.C. 20009, or 202-930-3373, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
for the Years 2020 to 2022**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the end of the Year	Column 5 Net changes
Franchisee Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the end of the Year	Column 5 Net changes
Company Owned*	2020	2	3	+1
	2021	3	3	0
	2022	3	5	+2
Totals	2020	2	3	+1
	2021	3	3	0
	2022	3	5	+2

Table No. 2
Transfer of Outlets From Franchisees to New Owners (Other than the Franchisor)
for the Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2020	0
	2021	0
	2022	0
Totals	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
for the Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termina- tions	Column 6 Non- Renewals	Column 7 Re- acquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at the End of Year
None	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
for the Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchi- sees	Column 9 Outlets at the End of Year
Washington D.C.	2020	2	1	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	2	0	0	0	5

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 9 Outlets at the End of Year
Total	2020	2	1	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	2	0	0	0	5

**Table No. 5
Projected Openings
as of December 31, 2022**

Column 1 State	Column 2 Agreements Signed but Outlets Not Opened	Column 3 Projected New Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Washington D.C.	0	1	0
Totals	0	1	0

Notes to Tables 1 through 4:

1. All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
2. We, as franchisor, do not have any “company owned” outlets or DD Businesses. The “Company Owned” outlets in the charts refer to DD Businesses owned and operated by DD Affiliate.
3. States not listed had no activity during the relevant time frame.

Other Notes:

Exhibit D lists the names of all current franchisees and the addresses and telephone numbers of their outlets as of December 31, 2022. Exhibit D also lists the name, city, state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within ten weeks of the issuance date of this disclosure document. If you buy the franchise offered in this disclosure document, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

In our last three fiscal years (which end on December 31st of each year), no franchisees entered any confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the franchise system being offered, which we have created, sponsored, or endorsed, and there are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached at Exhibit E is our audited financial report from inception through December 31, 2022, and unaudited financial statements as of October 12, 2023. As we have been in business for less than three years, we do not have all financial statements required by law.

ITEM 22

CONTRACTS

The following franchise-related contracts are attached as exhibits to this disclosure document:

Franchise Agreement – Exhibit B

Exhibit 1	IFF and Statement of Ownership
Exhibit 2	Franchised Location and Protected Territory
Exhibit 3	Guaranty
Exhibit 4	Collateral Assignment of Lease Agreement
Exhibit 5	Collateral Assignment of Contact and Electronic Information
Exhibit 6	General Release
Exhibit 7	Marks
Exhibit 8	Acknowledgment of Legal Representation
Exhibit 9	Site Selection Addendum
Exhibit 10	Lease Rider Terms

Franchise Disclosure Document

Exhibit H	Franchisee Closing Acknowledgment
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ITEM 23

RECEIPT

The Receipt is found at the end of this disclosure document.

EXHIBIT A

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

LIST OF ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 876-7500; Toll Free: (866) 275-2677	NEW YORK Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Complex 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048
INDIANA Secretary of State Securities Commissioner, Securities Division Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Director, Securities and Retail Franchising Div. State Corporation Commission 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Consumer Protection Div., Franchise Section Attn: Kathryn A. Barron G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933 (517) 373-7117	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 261-9555

LIST OF AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 276-2677	NEW YORK New York State Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
DELAWARE REGISTERED AGENT Harvard Business Services, Inc. 16192 Coastal Highway Lewes, DE 19958	NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue, State Capitol, Fifth Floor Bismarck, North Dakota 58505-0510
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	RHODE ISLAND Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Complex 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 277-3048
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
INDIANA Indiana Secretary of State 302 West Washington Street, Room E018 Indianapolis, Indiana 46204 (317) 232-6681	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MICHIGAN Michigan Department of Attorney General Consumer Protection Division G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933 (517) 373-7117	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 261-9555
MINNESOTA Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	

EXHIBIT B
FRANCHISE AGREEMENT

DISTRICT DOGS

FRANCHISE AGREEMENT



**1310 T Street NW, Unit 1
Washington DC 20009**

**www.DistrictDogs.com
info@DistrictDogs.com**

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Exhibit 6	General Release
Exhibit 7	Marks
Exhibit 8	Acknowledgment of Legal Representation
Exhibit 9	Site Selection Addendum
Exhibit 10	Lease Rider Terms

DISTRICT DOGS FRANCHISE AGREEMENT

This District Dogs Franchise Agreement (the “**Franchise Agreement**”) is made as of the “**Effective Date**” between DD Franchise LLC, a Delaware limited liability company (referred to as “**DD Franchise LLC**,” “**Franchisor**,” “**we**,” “**us**,” or similar pronouns) and _____ and _____ individually or collectively referred to as “**Franchisee**,” “**you**,” “**your**,” or similar pronouns. You and we may sometimes be referred to in the singular as a “**Party**” or jointly as the “**Parties**.”

RECITALS

A. We and our affiliates have developed a System (defined below) of distinctive specifications and operating procedures relating to the establishment and operation of dog daycare businesses, including training, daycare services, dog walking, structured daycare, overnight boarding, grooming, and special events, featuring state-of-the-art indoor facilities designed to pamper pets, which operate using the Marks (defined below) and the System, and provides the DD Services (defined below), as we may designate from time to time (the “**DD Business**” or “**Business**”).

B. The distinguishing characteristics of the System include, without limitation: a state-of-the-art indoor facility that emphasizes the safety and wellbeing of pets; special events such as “yappy hours,” birthday parties; a distinctive interior and exterior design, signage, and trade dress; products bearing our trademarks, including pet toys, food products, and similar items (“**Branded Products**”), products bearing the trademarks of other providers, including pet toys, food products, and similar items (“**Permitted Products**”), and products consumed in the delivery of the DD Services such as grooming products and pet food; and confidential operating manuals that include mandatory and suggested specifications, standards, policies, procedures and guidelines for operating DD Businesses and implementing the System, all of which may be changed, improved, further developed, and/or discontinued by us or our affiliates from time to time.

C. We identify the DD Businesses operating under the System by means of the names and marks “DISTRICT DOGS,” “DISTRICT DOGS and design,” and certain other trademarks, service marks, trade names, signs, logos, and other indicia of origin as are now designated (and we may hereinafter designate in writing) for use in connection with the System (collectively, the “**Marks**”).

D. We and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service.

E. You desire to enter into this Franchise Agreement to open and operate a DD Business using the Marks and the System. You agree that you have investigated and familiarized yourself with the essential aspects and purposes of this opportunity and have been advised by counsel, or have had the reasonable opportunity to be advised by counsel chosen by you, of the terms and conditions of this Franchise Agreement, and agree that the consistent and uniform operation of your DD Business using the System is essential.

F. You understand the importance of our high standards of quality, appearance, and service and the necessity of operating your DD Business in accordance with this Franchise Agreement and our standards, specifications and procedures.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, terms, and conditions herein contained and the acts to be performed by the respective Parties hereto, the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND GRANT OF FRANCHISE LICENSE

1.1 Definitions

Unless otherwise defined in the body of the Franchise Agreement, the following capitalized terms have the meaning set forth:

“ACH” means “Automated Clearing House” and refers to the mechanism used to collect fees due to us electronically. You must complete an ACH form that your bank or we deliver to you.

“Additional Personnel and Transferee Training Fee” means the then-current fee we may charge for training additional personnel, a Designated Manager, Principal Operator, or Transferee.

“Advertising Fees” collectively means the Local Advertising Fee and the National Brand Fee.

“Affiliate” means an entity that is controlled by, controlling, or under common control with another entity. Our current Affiliates are District Dogs, Inc, (**“DD Affiliate”**) and DD IP Licensing, LLC (**“IP Affiliate”**). We reserve the right to add Affiliates and require you to work with one or more of them.

“Annual Conference” means the annual conference for the benefit of franchisees we sponsor.

“Annual Conference Attendance Fee” means the then-current fee we charge for your attendance at the Annual Conference. You must be informed of the Annual Conference Attendance Fee before you attend the Annual Conference.

“Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations, and other regulations found at 31 CFR 515, 595, 597, and any laws which now pertain or which may in the future pertain to the matters of Section 1.6.d(v).

“Applicable Law” means the municipal, county, state, and federal rules, regulations, ordinances, statutes, rulings, orders, or the like that apply to the operation of your DD Business subject to our jurisdictional, venue, and choice of law rights in Article 16, Applicable Law.

“Assignment” has the meaning given in Article 9.

“Brand Fund” is the account into which the National Brand Fee is deposited.

“Branded Products” means those products or goods that display any of our Marks, including pet toys, food products, and similar items.

“Change of Control” means that (i) a natural person franchisee takes on a partner regardless of whether such partner is in control, (ii) a natural person franchisee converts to a business entity franchisee and then delivers more than 49% of the equity interest of such business entity to another Person, (iii) a business entity franchisee takes on any number of equity partners and delivers more than 49% of the equity interest to such Persons, (iv) a franchisee (whether a natural person or business entity) in any manner

delivers control of the day-to-day operations of your DD Business to a Person who we have not first approved, or (v) a franchisee (whether a natural person or business entity) transfers all or substantially all of the assets of the DD Business.

“Claims” means any legal or equitable claim, obligation, liability, cause of action, damage, award, judgment, costs (including reasonable attorney’s fees, court costs, and expert witness fees), expenditures of funds by us, or loss suffered by us.

“Competitive Business” is a dog training, dog daycare, grooming, boarding, or similar business offering the same or commercially similar services as those offered at your DD Business, or other DD Business operating under the System, which services comprise more than 5% of the competitive business’s gross sales.

“Compliance” means that you (i) are current in all respects under this Franchise Agreement at the time Compliance is called for and will be in Compliance at the time the action for which Compliance is required is to be completed, and (ii) have received written notice of a breach from us (each of which was timely cured) no more than two times during the Initial Term and no more than two times during any Successor Term.

“Computer System” means the computer hardware and software you must have to operate the DD Business.

“Construction Oversight Fee” means the then-current fee we charge to visit your Franchised Location during buildout.

“Customer” means each person that visits you as a patron.

“Customer List” means the list of and all contact information of the Customers that patronize your DD Business and whose personal information you have captured through the POS System, surveys, or other activities.

“DD Business” or “Business” has the meaning given in the Recitals. Your DD Business is the franchised DD Business operated under this Franchise Agreement.

“DD Services” means the list of goods and services you offer your Customers at a given time as prescribed by us in the Operations Manuals, or otherwise approved by us. DD Services now include dog daycare, dog walking, structured daycare, overnight boarding, grooming, and training. You must also offer special events such as “yappy hours,” birthday parties, and the like as we may prescribe from time to time.

“Default Interest” means the then-current interest rate we charge for any payment not timely made. The current interest rate is 1.5% per month, compounded monthly. We may increase the interest rate upon 60 days’ notice. The Default Interest rate, however, will never be greater than the highest amount permitted in your state, and if the Default Interest rate violates any such law, then it will be automatically reduced to the highest interest rate permitted.

“Designated Manager” means any person besides your Principal Operator and you that has received our training and is authorized by you to operate your DD Business from day to day. A Designated Manager need not be an owner of any interest in your DD Business.

“Due Date” means the date payments to us are due, as described in Article 3.

“Effective Date” means the date we fully execute this Franchise Agreement, as indicated on the signature page of this Franchise Agreement. There is no agreement, and this Franchise Agreement is not a contract between us until that date, regardless of the order of signatures.

“Event of Default” means any default identified in Sections 10.1, 10.2, or 10.3.

“Fair Market Value” means the value that a reasonable person under no duress or obligation would pay for the furniture, fixture, equipment, or item being sold by a seller under no duress or obligation. If you or we do not agree to a Fair Market Value, it will be established by an independent appraisal. The appraisal will be done at our expense by an independent and disinterested appraiser selected by us. No goodwill will be considered in any such valuation.

“FDD” means the franchise disclosure document that was delivered to you at least 14 calendar days before you signed this Franchise Agreement or paid any money to us.

“Force Majeure” means that except for monetary obligations that are due regardless of the existence of an event of Force Majeure or as otherwise specifically provided in this Franchise Agreement, if either of us is delayed or prevented from performance because of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, epidemic, pandemic, or similar county, statewide, national, or international health emergency, insurrection, war, or other causes beyond the Party’s reasonable control, then performance will be excused for the shorter period of 45 days from the date of the inability to perform or for the period of the delay.

“Franchisee” means you and all Franchisee Parties.

“Franchisee Parties” means you, your Principal Operator, any Designated Managers, any Guarantors, your shareholders, directors, officers, managers, members, employees, agents, and their successors, and assigns your family members that actively participate in the operation of your DD Business, and all others who may take an active management role in the operation of your DD Business. References to the Franchisee Parties also refers to you.

“Franchised Location” means the address of the physical space from which your DD Business operates and offers services to the public.

“Franchisor” means us and our predecessors, successors, and Affiliates plus their respective shareholders, directors, officers, managers, members, employees, agents, and their successors and assigns and all others whose conduct is charged to us.

“Grand Opening” is defined in Article 3.\

“Governmental Authorities” means those local, county, state, and federal governmental or quasi-governmental bodies that have jurisdiction over the operation of your DD Business.

“Gross Sales” means the total of all revenue and income received in cash, as services in kind, from barter or exchange, on credit (whether or not payment is received), or otherwise from the sale of all goods, services (including dog walking, pet sitting, and the like), products, merchandise, and related items sold at the DD Business and whether or not sold or performed at or from your DD Business. Gross Sales will also include the proceeds from business interruption insurance payments and any other amounts reasonably attributable to your DD Business’s operations. Gross Sales do not include sales or similar taxes you collect that are chargeable to Customers by law, any documented refunds, credits, charged tips, or sales discounts.

“Initial Franchise Fee” or “IFF” means the initial fee you pay us when you are awarded a franchise. Your IFF is stated in Exhibit 1.

“Indemnified Parties” means us, our Affiliates, and any Person for whom we are legally responsible.

“Initial Term” has the meaning given in Article 4.

“Initial Training” means the initial training given to you before you open for business, as more fully outlined in Article 7.

“Innovation” means any creation, design, or other improvements for any portion of the System, the Marks, the Proprietary Information, or the like.

“Interim Period” has the meaning given in Article 4.

“Internet” refers to a global system of interconnected computer networks that use a common computer protocol to communicate between them. Included in this definition for this Franchise Agreement is the “worldwide web,” social media, and similar methods by which Persons communicate between electronic devices.

“Involuntary Transfer” means any Transfer not approved by us and includes the loss of, transfer of, or assignment of (i) any interest in this Franchise Agreement, any of your interest in your DD Business, (ii) a substantial portion of the assets of your DD Business, or (iii) any interest in your franchise business entity except as permitted by this Franchise Agreement. An Involuntary Transfer also includes (i) any transfer or assignment of any interest in you, this Franchise Agreement, or your franchisee business entity as a result of any insolvency or bankruptcy proceeding, (ii) the foreclosure of any manner of lien or encumbrance against you, your DD Business, or your franchisee business entity, (iii) the taking of any interest in you, this Franchise Agreement, or your franchisee business entity as a result of a divorce or separation, (iv) or in the case of a business entity, any action by the equity owners or creditors the result of which is the loss of any equitable interest or any other interest. An Involuntary Transfer also occurs through any other means or method over which you have no control or against which you cannot substitute a bond or other monetary instrument to avoid such Involuntary Transfer.

“Late Fee” means our then-current late fee for failure to make timely payments required under this Franchise Agreement. We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice.

“Local Advertising Fee” means the then-current monthly fee we will collect from you to place local advertising into your Protected Territory as outlined in Article 4.

“Marks” has the meaning given in the Recitals and includes all current and future trademarks, trade names, logos, service marks, and similar commercial symbols that we require you to use in identifying your DD Business, as more fully stated in Article 6. All current and future trademarks, service marks, trade names, trade dress, designs, logos, and other designations, all variations or modifications to any of the preceding, and all registrations, applications, and renewals are included in this definition.

“Minimum Royalty Fee” has the meaning given in Article 3.

“National Branding” is defined in Article 4.

“National Brand Fee” is the then-current fee we charge to help with National Branding, as more fully outlined in Article 3.

“Online Site” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, for example, the Internet, webpages, microsites, social networking sites (e.g., Meta™, Twitter®, LinkedIn®, YouTube®, Pinterest®, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., Apple® or Android® apps), and other applications, etc., that refers to our Marks, us, or the System.

“Opening Deadline” means the date by which your DD Business must open for business as more fully defined in Article 2.

“Opening Help Fee” means the then-current fee that we may charge if we visit the Franchised Location to ensure that it is being built to specifications, if we visit you to help with your opening, or if we help you with your opening.

“Opening Inventory” means your initial inventory of Branded Products, Permitted Products, and other Service Products that must be purchased from our approved vendor.

“Operations Manuals” means the operations manuals and other materials which may be in written, electronic, or video form, delivered to you that disclose the operating methods used in your DD Business, including systems, standards, specifications, required, recommended and suggested products, services and practices, as we may determine and revise from time to time.

“Optional Training, Additional Required Training, or Assistance Fee” means the then-current fee we charge if you request additional operating assistance from us and we agree to provide it. You must pay our additional associated expenses, including, without limitation, travel, lodging, and board costs. This will also be charged for optional and additional required training. We may increase this fee at any time and in any amount after giving you no less than 60 days’ prior written notice.

“Party” means you, us, or any of the Franchisee Parties.

“PCI-DSS” means the security standards adopted by credit card/debit card/e-payment providers to protect end-users’ personal information.

“Permanent Disability” means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or does prevent the Principal Operator or you from supervising the management and operation of your DD Business for a period of 120 consecutive or cumulative days from the onset of such disability, impairment, or condition.

“Permitted Products” means products bearing the trademarks of other providers, including pet toys, food products, and similar items, all of which must be purchased only through an Affiliate, an approved vendor, or us.

“Person” means a natural person or a business entity of any nature or kind and the equity holders in any such business entity.

“POS Hardware” means the POS hardware you must purchase from our approved vendor to operate the POS System.

“POS License Fee” means the then-current fee charged by the POS Software supplier and paid by you to maintain the right to use the POS Software.

“POS Software” means the point-of-sale software package that must be licensed from our approved supplier.

“POS System” means the then-current POS Hardware and the POS Software package that we require you to use to operate your DD Business, as described in the Operations Manuals.

“Principal Operator” means the person authorized and designated by you if you are a business entity to receive our training, to operate your DD Business, and to act as the contact between us.

“Proposed Transfer” means a Transfer for which you seek our permission to complete under Article 9.

“Proposed Transferee” has the meaning given in Article 12.

“Proprietary Information” has the meaning given in Article 8.

“Protected Territory” means the territory surrounding your Franchised Location that we describe. The perimeter of your Protected Territory will be defined by one or more geographic limitations such as streets or mountains, ZIP codes, political subdivisions such as a city or county, other boundaries we determine, and will be based on our current criteria, including population density, dog-ownership density, and other economic and geographic factors. It may have no specific geometric shape. The Protected Territory will be determined when your Franchised Location is approved. If it is approved before you sign the Franchise Agreement, your Protected Territory will be agreed upon before you sign the Franchise Agreement.

“Reasonable Business Judgment” has the meaning given in Section 1.6.

“Regional Advertising Program” means a local advertising program for a specified geographic area to benefit DD Businesses located within the area.

“Relocation Fee” means the then-current fee we charge to assess your proposed site for relocation. We may increase this fee at any time and in any amount after giving you no less than 60 days prior written notice.

“Renovations” are the changes we may require you to make to the DD Business to meet our then-current configuration and may include changes to the offered DD Services, Service Products, interior and exterior decor, furniture, fixtures, equipment, and changes to the DD Business’s operations to conform to the then-current System look and feel.

“Right of First Refusal” has the meaning given in Article 9.

“Royalty” is a weekly fee based on the greater of (a) a percentage of your Gross Sales, or (a) the Minimum Royalty Fee, as more specifically described in Article 3.

“Service Products” are those products we designate, some of which are consumed by you in the operation of the DD Business. The Service Products included the Branded Products, Permitted Products, and products consumed in the business's operation.

“Site Selection Area” means an area defined by geographic boundaries such as streets, rivers, mountains, or similar physical limitations, political boundaries including city, county, and state lines, ZIP codes, or other measurements we designate to identify its perimeter. We reserve the right to change the method of designing a Site Selection Area at any time.

“Successor Franchise Fee” means 50% of the then-current IFF you pay us when you are granted Successor Franchise Rights. If we are not awarding franchisees when you seek renewal, you will pay 50% of the IFF you paid.

“Successor Franchise Rights” has the meaning given in Article 6.

“Successor Term” has the meaning given in Article 6.

“System” means and includes, without limitation, (i) the manner and method of training we deliver to you; (ii) the Operations Manuals; (iii) the Proprietary Information (iv) our mix of Service Products; (v) the standards and procedures you will use in the day-to-day operation of your DD Business; (vi) the economic and financial characteristics of your DD Business; (vii) our uniform guidelines, specifications, and procedures for quality control; (viii) our advertising programs; (ix) our mix of furniture, fixtures, and equipment; (x) our Proprietary Information, any copyrighted, registered, trade secret, or confidential information owned by us; (xi) our distinctive interior and exterior design, signage, and trade dress; (xii) and your Customer Lists. This definition may be supplemented by other language of this Franchise Agreement and by us from time to time.

“Technology Maintenance Fee” means our then-current fee charged to maintain your landing page and for other technology-based services.

“Technology Startup Fee” means the then-current fee charged for setting up your landing page on our website.

“Term” means individually or collectively the Initial Term and the Successor Term. If there is doubt, reference to the Term will include either or both as necessary to provide the greatest protection to us.

“Third Party Contract” means any other contract or agreement with a third party that is unrelated to us but is material to your DD Business’s operation, including any real property or equipment lease and any supplier or vendor agreement.

“Training” collectively means the initial training program and any subsequent training we may deliver under Article 7.

“Transfer” has the meaning given in Article 9.

“Transfer Fee” is 75% of the then-current IFF being charged to franchisees. If we are not awarding franchisees when you seek renewal, you will pay 50% of the IFF you paid.

“URL” means an Internet uniform resource locator.

1.2 Grant of Franchise

a. We grant you, and you accept from us, the limited and non-exclusive right, and you accept the obligation, to use the Marks and System to establish and operate one DD Business at the Franchised

Location. You agree to use the Marks and the System as they may be changed, improved, and further developed by us from time to time, but only under the terms and conditions of this Franchise Agreement, or as may be modified by us in Operations Manuals.

b. You must complete the Statement of Ownership found at Exhibit 1 at the time you sign this Franchise Agreement and agree to update it within 30 days of any change so that it is at all times current, complete, and accurate.

c. Each Person who is or becomes a Principal Operator and each natural person who joins your business entity Franchisee as an equity owner must sign our then-current form of guaranty. The current form of guaranty is found at Exhibit 3.

1.3 Scope of Franchise Operations

a. You must at all times comply with your obligations under this Franchise Agreement and will continuously use your best efforts to promote and operate your DD Business. You must utilize the Marks, the Proprietary Information, every component of the System, and the Operations Manuals to operate all aspects of your DD Business, all of which may change from time to time.

b. Your DD Business must offer all of the DD Services and Service Products along with any other products and services we designate, and you may not offer or sell products and services not previously approved by us in writing or that are later discontinued.

1.4 Protected Territory

a. We will assign your Protected Territory after you secure your Franchised Location.

b. For so long as you comply with the Franchise Agreement, we will not permit another franchisee, company-owned or Affiliate-owned DD Business, to operate a DD Business at a physical “brick and mortar” location within your Protected Territory. If you breach the Franchise Agreement, we may, in our sole discretion, and in lieu of our termination rights in Article 10, reduce the size of your Protected Territory.

c. We reserve all other rights to operate in or outside the Protected Territory, including without limitation, those identified in Section 1.5 below.

d. We have no current plans to establish other related franchises or company-owned businesses selling similar products or services under a different name or trademark, but we reserve the right to do so.

1.5 Reservation of Rights

We and our Affiliates reserve the rights, among others, to:

i. Own, franchise, or operate businesses similar to your DD Business and use the Marks and the System anywhere in the world other than within your Protected Territory.

ii. Use the Marks and the System to sell any products or services that may be similar to those you will sell through any alternate channels of distribution anywhere in the world, including within the Protected Territory. These alternate channels include retail locations (such as grocery stores or convenience stores), television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the

Internet. You cannot use alternate channels of distribution without our express permission, which may be granted or denied for any reason or no reason at all. We will not pay any compensation for soliciting or accepting such orders from inside your Protected Territory.

iii. Use or license others to use anywhere in the world or through alternate channels of distribution, other trademarks, trade names, service marks, and logos that are not the same as or confusingly similar to the Marks in the operation of a business that offers goods, services, and related products and services which may be similar to or different from those offered by your DD Business, and even if those other businesses are located in the Protected Territory.

iv. Purchase, be purchased by, merge, or combine with any other business, including a business that competes directly with your DD Business wherever located, so long as the trademarks, trade names, logos, or similar marks are not the same as or confusingly similar to the Marks, and even if those other businesses are located in the Protected Territory.

v. Acquire and convert to our System any businesses offering services and products similar to those offered by your DD Business, including businesses operated by competitors located within your Protected Territory (but with trademarks that are not the same as or confusingly similar to the Marks), that are independently operated, or are a part of or in association with any other system or chain; and,

vi. Retain all other rights not specifically granted to you.

1.6 Reasonable Business Judgment

a. We will use our Reasonable Business Judgment to exercise our rights, obligations, and discretion except where otherwise indicated. Use of our Reasonable Business Judgment will mean that our determination on a given matter will prevail even in cases where other alternatives are also reasonable so long as we intend to benefit or are acting in a way that could reasonably benefit any component of the System or the Marks, any one or more of our franchisees, or any other aspect of the System. Such decisions may include matters that may enhance or protect the Marks and the System, increase Customer satisfaction, increase the use of the services all franchisees offer, and that corresponds with franchisee satisfaction. We are not required to consider any franchisee's particular economic or other circumstances when exercising our Reasonable Business Judgment. Decisions made using our Reasonable Business Judgment will not affect all franchisees equally, and some may benefit while others will not.

b. If Applicable Law implies a covenant of good faith and fair dealing in this Franchise Agreement, you and we agree that such covenant will not imply any rights or obligations inconsistent with a fair construction of the terms of this Franchise Agreement.

c. As part of its Reasonable Business Judgment, to respond timely to market conditions and the needs and wishes of Customers, we reserve the right, in our sole and exclusive determination, to vary any standard of the System, the Marks, the Proprietary Information, or the Operations Manuals.

1.7 Other Covenants Relating to the Grant of This License

a. **THIS FRANCHISE AGREEMENT DESCRIBES THE TERMS AND CONDITIONS UPON WHICH WE CURRENTLY OFFER FRANCHISES TO NEW FRANCHISEES. WE MAY OFFER FRANCHISES UNDER DIFFERENT TERMS AND CONDITIONS TO ENHANCE, BUILD, AND PRESERVE THE SYSTEM.**

b. You covenant, represent, and warrant as follows and acknowledge that we are relying upon such covenants, representations, and warranties in making our decision to enter into this Franchise Agreement:

i. You acknowledge that you have received and have read this Franchise Agreement and all Exhibits attached hereto. Specifically, you have been advised to seek out and use professional counsel of your choosing to interpret any terms, covenants, or conditions of this Franchise Agreement. The decision to retain professional counsel is in your sole and exclusive discretion, and we will not provide any legal, financial, or other counsel about this Franchise Agreement.

ii. You have adequate funding to purchase and operate your DD Business and are financially capable of undertaking the risks involved in opening and operating any business.

iii. All statements made by you in writing in connection with your application for this franchise were, to the best of your knowledge, true when made and continue to be true as of the date of this Franchise Agreement.

iv. You are not a party to any litigation or legal proceedings other than those you have disclosed to us.

v. You, the Franchisee Parties, and your equity owners agree to comply with and assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws. As a result, you certify, represent, and warrant that (A) none of your property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that you are not otherwise in violation of any of the Anti-Terrorism Laws, (B) none of the Franchisee Parties are listed in the Annex to Executive Order 13224, (C) you will refrain from hiring (or, if already employed, retain the employment of) any individual who is listed in the Annex to Executive Order 13224, (D) you have no knowledge or information that, if generally known, would result in the Franchisee Parties or anyone associated with you to be listed in the Annex to Executive Order 13224; (E) you are solely responsible for ascertaining what actions you must take to comply with the Anti-Terrorism Laws and you specifically acknowledge and agree that your indemnification responsibilities stated in this Franchise Agreement pertain to your obligations under this Section 1.7.b(v), and (F) any misrepresentation under this Section 1.7.b(v) or any violation of the Anti-Terrorism Laws by you will constitute grounds for immediate termination of this Franchise Agreement or any other agreement you have entered into with us.

c. You represent that you have conducted an independent investigation of the proposed business and System and recognize that the business venture contemplated by this Franchise Agreement involves business risks. Your success will depend upon your abilities as an independent businessperson.

d. We do not furnish or authorize our salespersons to furnish oral or written earnings claims or financial performance information concerning proposed or actual sales, costs, income, and profits of a DD Business. Actual results will vary, and we cannot estimate the results of any particular franchise.

e. We reserve the right to receive rebates and material benefits from any supplier or vendor. If we receive this revenue, we may or may not share it with franchisees.

f. All pets that visit your DD Business must be vaccinated for rabies, distemper, parvovirus, parainfluenza, and “kennel cough” (canine infectious tracheobronchitis). Your state may require other or additional vaccinations. There may also be other Applicable Laws that affect the operation of your DD Business. You should investigate these carefully before opening and then during the operation of the DD Business.

g. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ARTICLE 2

OPENING DEADLINE, PROTECTED TERRITORY, DEVELOPMENT, AND RELATED RIGHTS AND OBLIGATIONS

2.1 Opening Deadline

a. You must be open for business within 18 months of the Effective Date (“**Opening Deadline**”).

b. We may extend the Opening Deadline for a limited period if factors beyond your reasonable control prevent you from meeting the date and you request an extension of time from us at least 30 days before the expiration of the Opening Deadline.

2.2 Site Selection Area and Franchised Location

a. Your Franchised Location is or will be identified in Exhibit 2.

b. If you do not already have a Franchised Location for your DD Business determined before you sign this Franchise Agreement, you and we will execute the Site Selection Addendum to this Franchise Agreement, in the form attached hereto as Exhibit 9, which will identify a Site Selection Area where you will search for appropriate sites for your DD Business.

c. You must locate a site for your Franchised Location and submit the site location information we require within 120 days of the Effective Date. We will have 30 days to approve or disapprove your proposed site. If we do not approve your first proposed site, you will have 60 more days to find another site and submit it to us for approval. If you fail to meet the deadlines for selecting a site or submit incomplete information, we will deliver written notice to you, and you will have 15 days to cure the deficiency. If you fail to cure the deficiency or if we fail to reach an agreement regarding a site, we have the right to terminate your rights under the Franchise Agreement and retain all fees. Even if your rights are terminated, all restrictive and other covenants of your Franchise Agreements that must survive termination to remain enforceable will survive.

d. Our assistance in selecting and reviewing a proposed Franchised Location is limited to providing written criteria for a satisfactory Franchised Location and reviewing the information provided to determine whether the location fulfills the requisite criteria. We have no particular expertise in identifying or approving location sites for Franchised Locations.

OUR APPROVAL OF A FRANCHISED LOCATION DOES NOT IMPLY OR GUARANTEE IN ANY MANNER YOUR SUCCESS OR PROFITABILITY. YOU ACKNOWLEDGE AND AGREE THAT OUR CONSENT TO YOUR PROPOSED LOCATION, UNDER THIS SECTION 2.2 OR PURSUANT TO THE SITE SELECTION ADDENDUM, DOES NOT CONSTITUTE ANY ASSURANCE, REPRESENTATION, OR WARRANTY OF US OF ANY KIND, AS FURTHER DESCRIBED IN THE SITE SELECTION ADDENDUM.

2.3 Approval of Lease

a. After we approve your proposed Franchised Location, you will have 120 days to negotiate a lease that must be submitted for review. We will review the lease within 15 days after our receipt. We have to option to require that the lease be collaterally assigned to us by a collateral assignment agreement (Exhibit 4) or contain the following terms and conditions:

i. The landlord must agree that the lease and your right, title, and interest under the lease may be collaterally assigned to us or our designee without the landlord's consent; and,

ii. The landlord must provide written notice to us at the same time it gives such notice to you of any default by you under the lease. We must be given an additional 15 days after your period of cure has run to cure, at our sole option, any such default, and upon the curing of such default, we must be given the right to enter the leased premises and assume your rights under the lease as if you had assigned the lease to us.

b. In connection with our consent to the Franchised Location, you shall execute, and cause the landlord to execute, a Lease Rider including the terms appended hereto as Exhibit 10.

c. Once the site has been approved and the lease has been signed, your Franchised Location will be identified in Exhibit 2.

OUR APPROVAL OF ANY LEASE DOES NOT IMPLY OR GUARANTEE IN ANY MANNER YOUR SUCCESS OR PROFITABILITY.

2.4 Permitting, Design, and Buildout

a. Before commencing the construction of your DD Business:

i. You must use, at your expense, an architect or other professional designated or approved by us to conform to your Franchised Location or our general and prototypical plans. You must submit the completed drawings to us for approval. We will approve, disapprove, or comment on the plans within 30 calendar days of the date that they are delivered. If we comment, you will revise the plans to conform to the comments within 15 days of delivery. If we disapprove of the plans, we will provide comments. After that, you will have 30 days to revise the plans so that we can approve them. This will continue until you and we have approved the plans. In the event you employ an architect that has not been previously approved by us, or who, in our sole judgment, does not have sufficient knowledge and experience in providing architectural and design services to DD Business franchisees and operators, we may impose an "Architectural Plans Processing Fee" of two thousand five hundred dollars (\$2,500) which you must pay to us and which shall be used by us to defray a portion of our cost in having your plans reviewed by our architect. Such fee will not be applicable if you retain and utilize one of our designated or approved architects.

ii. You must have the approved plans reviewed and accepted by the applicable Governmental Authorities. If they make changes, you must deliver the same to us. You and we will have 15 days to agree on the changes, which will then be returned to the appropriate Governmental Authority. This will continue until the Governmental Authority finally approves the plans.

iii. You must obtain all licenses, permits, and certifications required for the lawful construction and operation of your DD Business, including health and safety permits, zoning, access,

parking, sign permits, and similar documentation. You must certify to us in writing that all such permits, licenses, and certifications have been obtained before the Opening Deadline.

iv. We have the right to terminate this Franchise Agreement if you cannot obtain all necessary permits for your DD Business's operation, and all covenants of this Franchise Agreement that must survive termination to remain enforceable will survive and remain enforceable. No refunds will be granted in this situation.

v. You must use a qualified general contractor or construction supervisor to oversee your DD Business's construction and completion of all improvements.

vi. You must cause such construction to be performed only per the site plan and other plans and specifications approved by the Governmental Authorities and us, and no changes will be made to the approved plans and specifications or the design thereof, any of the materials used therein, or the interior and exterior colors thereof without our express written consent.

b. You may request we visit your Franchised Location while it is being built, or we may decide to visit your site during construction in our sole discretion. If we agree to this, we will designate a representative (who may be our employee, an Affiliate's employee, or an approved vendor), and you will pay our then-current daily Construction Oversight Fee plus our representative's travel, room, and board. We may increase this fee at any time and in any amount after giving you no less than 60 days' prior written notice.

2.5 POS System, Computer System, Initial Inventory, and Other Furniture, Fixtures, and Equipment

a. You must purchase the POS Hardware from our approved supplier. The POS Software is included with the POS Hardware. You must have at least one POS System, though you may choose to have more.

i. If required by the POS System vendor, you will pay the monthly licensee fee charged by the POS System vendor.

ii. Our approved POS System vendor may change the cost to purchase the POS Hardware and the monthly POS Software license fee at any time and in any amount, and you must comply with such changes.

iii. You are not now required to purchase a POS Hardware maintenance contract, though we reserve the right to require this in the future, and there will be a cost associated with such contracts. Even without a maintenance contract, you must maintain the POS Hardware as often as necessary to keep it operational. The POS Software is maintained and updated by the POS System vendor. There is currently no charge for this service, though that may change at any time. We have no control over this.

iv. We may require you to update the POS System or change POS System providers as set forth in the Operating Manual.

b. You must own or purchase our then-required Computer System hardware and software. The Computer System can be of any make or model, including a laptop or desktop system, so long as it conforms to our requirements.

i. Currently, you must also obtain a license to use the Microsoft Office 365 “**Business Standard**” software suite, and “**QuickBooks Essentials**.”

ii. You are not now required to purchase a Computer System maintenance contract, though we reserve the right to require this in the future, and there will be a cost associated with such contracts. Even without a maintenance contract, you must maintain the Computer System as often as necessary to keep it fully operational in compliance with our standards.

iii. You shall upgrade your Computer System in accordance with System Standards (defined below), and at the time of a Transfer.

iv. You must install and maintain virus protection software in accordance with our standards.

c. For both the POS System and Computer System:

i. Currently, you must maintain high-speed Internet access to the POS and Computer System and always use your best efforts to keep all equipment connected, powered on, and in good working order.

ii. We will have independent access to all the information generated and stored in your POS System and Computer System when we deem it appropriate. In our discretion, we will make available certain aggregate data (without identifying the name of any franchisee or its location) to help you manage your DD Business better. There are no contractual limitations on our right to access this information.

iii. You will be required to use and, at our direction, pay for all future updates, supplements and modifications to the Computer System and the POS System.

iv. You must abide by PCI-DSS requirements.

d. Currently, our standard requires, and you must have a business telephone system with rollover that supports three phones for incoming/outgoing calls.

e. You must purchase your initial inventory of furniture, fixtures, equipment, and all replacement furniture, fixtures, and equipment only from an approved vendor.

f. You must purchase from our approved vendors and maintain each component of the Opening Inventory and other inventory needs.

g. You and we acknowledge that changes to technology are dynamic and not predictable during the Term. To provide for changes to technological needs and opportunities, we will have the right to establish, in writing, reasonable new standards for implementing technology in the System. You must comply with any new standards we establish, which may cost you more or have a fee attached to them.

2.6 Suppliers

a. We have the right to require that all of the products, equipment, supplies, and materials, and other items and services used or offered for sale at your DD Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from suppliers that we have expressly approved; and/or (c) be purchased only from a limited number of suppliers or a single source (which may include us

or our affiliates or a buying cooperative that we organize). To the extent that we establish specifications, require approval of suppliers, or designate specific suppliers for particular items, we will provide our requirements in the Operations Manuals. We may negotiate volume purchase agreements for goods and equipment needed to operate your DD Business. The same is disclosed in the Operations Manuals.

b. You may wish to purchase a required good or service from a supplier that we have not previously approved. We do not maintain written criteria for approving suppliers. To obtain our approval, you must submit a written request for approval and such information as we may reasonably need to evaluate the prospective supplier. We will evaluate the submitted information and provide written notice of our decision within 30 days. We may grant or deny approval for any reason or no reason at all. We have no other process for approving suppliers other than as stated here. We may charge a fee for this service, which may be increased at any time without limitation. We will provide you with 60 days' written notice before implementing or increasing this fee. We reserve the right to reinspect the products of any approved supplier and we may revoke our supplier approval if we determine in good faith that the supplier no longer meets our then-current quality standards. We will notify you if we revoke our approval of any supplier.

c. We have the right to receive, collect and retain payments, manufacturing allowances, marketing allowances, rebates, credits, monies, or benefits (collectively, “**Allowances**”) offered by suppliers to you or to us or our Affiliates based upon your and/or other franchisees’ purchases of products and services. We will use the Allowances in our sole discretion and may, but are not required to, pass Allowances on to our franchisees based upon product movement or sale at each franchisee’s DD Business. If we receive additional or new Allowance revenue, we may or may not share it with franchisees. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise prohibited by the supplier). As of the Effective Date, our current policy (which may change) is to utilize all or a portion of such funds for purposes that we believe, in our sole discretion, may enhance the “DISTRICT DOGS” brand and/or public awareness of the brand.

2.7 Relocation

a. You may relocate your DD Business only after getting our express written permission, which will be considered using our reasonable business judgment. We must approve the new location in the same manner we are then approving sites. We may require you to pay our then-current Relocation Fee. There will be no refund if you cannot find and have approved a new location.

b. In the event of a relocation, you may be required to design, build, permit, fixturize, provide the DD Services, and carry inventory required by new franchisees. If we are not then offering franchises, you will be required to adhere to the requirements we set at the time.

2.8 Inventory

You must keep your DD Business fully stocked at all times with the necessary inventory items. You agree to maintain in sufficient supply, and to use and/or sell at all times only such products, materials, and supplies conform to our written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without our specific prior written consent.

2.9 Maintenance of Premises; Ongoing Upgrades and Refurbishments

a. You must at all times maintain the DD Business in a high degree of sanitation, repair, and condition, and must make such additions, alterations, repairs, and replacements (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic

repainting and/or replacement of obsolete signs, furnishings, equipment, and decor as we may reasonably direct. General maintenance of your DD Business, including repainting, replacing worn furniture, fixtures and equipment, cleaning, and the like, is not a Renovation. Such maintenance will occur as often as necessary to maintain a clean and attractive Franchised Location.

b. Throughout the term of the Franchise Agreement, you must maintain all of the fixtures, furnishings, equipment, decor, and signs that we prescribe from time to time in the Operations Manuals or that are otherwise communicated to you in writing or through electronic or other formats.

2.10 Renovations

a. You may be required to Renovate your DD Business but no more often than once every five years during the Initial Term, every five years during any Successor Term, and at the time of a Transfer. Such Renovation may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications, and deadlines as we may reasonably specify.

b. We may require you to change your mix of Service Products, furniture, fixtures, and equipment (if we introduce such changes to the System) and the like from time to time (and more often than once during each initial term and renewal term), and such changes will not be considered a Renovation. You must pay the costs of such changes.

2.11 Additional Development Rights and Quota

You receive no additional development rights, and no minimum sales are required to maintain your Protected Territory.

ARTICLE 3

FEES

3.1 Initial Fees Due to Us Before You Open

a. Your IFF for the award of rights under this Franchise Agreement is identified in Exhibit 1. This is due upon execution of this Franchise Agreement. We will reduce the IFF by \$1,000 if, in conjunction with your evaluation of this DD Business franchise opportunity, you retained and were represented by an attorney knowledgeable and experienced in franchising and business transactions. Attached as Exhibit 8 to this Franchise Agreement is an “Acknowledgement of Legal Representation,” which you must sign and deliver to us concurrently with this Franchise Agreement in order to receive a reduced IFF.

b. If applicable, before opening, you will also pay the Technology Startup Fee and the first three months of the Technology Maintenance Fee.

c. You must pass Initial Training to our satisfaction. If you fail to do so, we have the option to terminate your franchise rights (though all covenants of the Franchise Agreement that survive termination to remain enforceable will survive), and we will refund 50% of your IFF.

d. Except as stated above, all fees are payable in one lump sum, uniform, and, unless otherwise stated, nonrefundable.

3.2 Royalty

You must pay Royalty equal to the greater of (a) 6.9% of your Gross Sales or (b) the Minimum Royalty Fee (defined below), payable weekly and collected in the manner stated below. The Minimum Royalty Fees are as follows:

Months in Operation	Minimum Royalty Fee (per week)
0 – 6	\$400
7 – 12	\$450
13 – 18	\$500
19 – 24	\$650
25+	\$600

3.3 Technology Maintenance Fee

We reserve the right, upon 60 days' prior written notice to you, to charge a Technology Maintenance Fee, and you must pay the then-current Technology Maintenance Fee when you pay your Royalties. We may increase this fee at any time after giving you no less than 60 days' prior written notice, however, we will not modify your Technology Maintenance Fee unless the change is generally applicable for other similarly situated franchisees or users of the technology. To provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards and fees for implementing new technology. If we introduce new technology, we will notify you in writing and give you 60 days to comply with the changes.

3.4 Other Fees and New Products

- a. You must pay us any additional training fees identified in Article 7.
- b. You must pay any audit expenses if required by this Franchise Agreement, as described in Section 5.2.
- c. If applicable, you will pay the Successor Franchise Fee and Transfer Fee, as described in Articles 6 and 12.
- d. If applicable, you will pay the Relocation Fee, as described in Section 2.7.
- e. If applicable, you will pay our then-current Opening Help Fee and Construction Oversight Fee. We may increase either fee by any amount and at any time after giving you no less than 60 days' prior written notice.
- f. There are other fees identified in this Franchise Agreement, the payment of which may be mandatory. Such fees will be collected as stated in the applicable Section.
- g. We may require all franchisees to add new products, Service Products, or other goods or services to those already used or sold through your DD Business. You may incur additional associated expenses, costs, and fees, some of which may be due to an affiliate, a third party for whom we collect funds, or us. We may also use our reasonable business judgment to assess other fees or costs we deem appropriate to help with the DD Business's operations. Such fees or costs may be assessed locally, regionally, or nationally and may apply to one, some, or all franchisees.

3.5 Method of Payment

a. No later than ten days before you open, you must execute an authorization agreement allowing for the electronic transfer of funds through an ACH from your bank account to ours. ACH will be used to collect the Royalties, Advertising Fees, and any other fees due under this Franchise Agreement. We have the right to change the collection method at any time after giving you reasonable written notice.

b. If you fail to have sufficient funds in the account on the Due Date or otherwise fail to pay any Royalties or other fees due under this Franchise Agreement, you will owe the Late Fee, Default Interest, and any other costs incurred by us to collect the same.

c. You acknowledge that nothing in this Section constitutes our agreement to accept any payments after they are due or a commitment to extend credit to or otherwise finance your DD Business's operation. Collecting a Late Fee and Default Interest and accepting any late payment will not diminish our rights to any other remedies available under this Franchise Agreement, as all remedies are cumulative.

3.6 Application of Payments

a. Notwithstanding any designation by you as to the application of a payment, we will allocate any payments made by you first to any Late Fees and Default Interest, then to any Royalties and other past-due fees, then to any obligations that you have to any third-party vendors that we pay on your behalf, then to the current Royalties and other fees owed to us. The above allocation will not postpone any payments for current or future Due Dates.

b. We will also have the right, in our sole discretion, to allocate in the same manner as stated above any payments or any credits from third-party vendors delivered to us. To the extent necessary to carry out the intent of this Section, you appoint us as your attorney-in-fact coupled with an interest and grant this power of attorney for the sole purpose of allocating any such funds received. This power of attorney will continue throughout the Term and, if applicable, after the termination of this Franchise Agreement, but in the latter case, only to the extent that you have existing obligations to us.

3.7 Taxes

You are responsible for all taxes levied or assessed on you or the DD Business in connection with your activities under this Franchise Agreement, including, without limitation, income taxes, sales taxes and unemployment taxes, and all other indebtedness of any kind incurred by you in the conduct of the business franchised under this Franchise Agreement. If you are required to deduct any sales tax, gross receipts tax, income tax, withholding tax or similar tax from any payment to us, then, to the extent that we are not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by you shall be increased by such amount as is necessary to make the actual amount received (after such withholding tax and after any additional taxes on account of such additional payment) equal to the amount that we would have received had no tax payment been required, provided that such shortfall is not caused by our negligence in filing the claims, or for reasons that can be solely attributable to us. We shall have no liability for any sales, value added, use, service, stamp duty, occupation, excise, gross receipts, income, property or other taxes, whether levied upon this Franchise Agreement, you, the DD Business, or your property, or upon us, in connection with the sales made or business conducted by you or the DD Business (except any taxes we are required by applicable law to collect from you with respect to purchases from us). In the event we are assessed and/or required to pay any such taxes, you shall reimburse us for all such taxes promptly upon notice from us, and we may obtain such payment or reimbursement through the ACH payment process.

ARTICLE 4

Advertising

4.1 Advertising and Advertising Fees

a. Grand Opening

You must spend not less than \$5,000 to promote the grand opening of your DD Business. The grand opening promotion campaign will occur during a 14-day period that we specify but no later than three months after your Opening Deadline. We must approve of your grand opening plans in the same manner as we do for local advertising.

b. Local Advertising

i. We currently require you to spend \$500 (“**Local Advertising Fee**”) each month on local advertising (“**Local Advertising**”).

ii. You must deliver copies of the proposed advertising to us before you use it. Once delivered, we will have 15 days to review the same. The proposed Local Advertising materials will be deemed acceptable if we do not deliver a written rejection notice within 15 days after delivery. Local Advertising may be placed in any media you choose, subject to our approval of social media advertising and your compliance with our then-current rules and policies regarding use of social media. You may be required to display our brochures or other materials that advertise the availability of franchise opportunities.

iii. We reserve the right to increase the Local Advertising Fee, and may do so in an amount of no more than 1% of Gross Sales annually, but limited to a total Local Advertising Fee of no more than 3% of Gross Sales. We will provide you at least 180 days’ prior written notice before any issuance.

c. Online Sites and Social Media

i. Online Sites and Social Media are considered both national and local marketing channels. You may not establish an Online Site nor offer, promote, or sell any products or services or make any use of the Marks through an Online Site without our prior written approval, which we may grant or deny for any reason or no reason.

ii. As a condition to granting consent, we have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our website.

iii. If you decide that you want to design and operate an Online Site, you must deliver to us such information, copies of programming code, content, and other documentation we require no later than 60 calendar days before the Online Site is to go live. We will then have 30 days within which to approve the proposed information. If we do not deliver written notice to you in that time, your Online Site is deemed approved.

iv. You may not use a derivative of the www.districtdogs.com URL or acquire any URL that may be construed as a representation of the Marks or System without our approval that will be granted or denied for any reason or no reason.

d. **National Brand Advertising**

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

i. We reserve the right to establish an advertising and marketing fund for the purposes of developing national brand awareness and collateral materials (“**National Branding**” or “**Brand Fund**”). You are required to pay us a monthly fee of 2% of Gross Sales (the “**National Brand Fee**”) to be used by us for National Branding. You must pay the National Brand Fee commencing with the opening of your DD Business, unless we provide a written waiver.

ii. The National Brand Fee contributions to the Brand Fund will be placed into a bank account (which may or may not bear interest) or another account we deem appropriate separate from our other funds and we will not use them to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including full or partial salaries of our personnel who devote full- or part-time services to Brand Fund activities). The Brand Fund is not a trust, and we assume no fiduciary duty in administering it.

iii. We may make, or refrain from making, any expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year’s aggregate National Brand Fees to the Brand Fund. Any monies not used in any year will be carried over to the next year. We may have the Brand Fund borrow from us or other lenders to cover any Brand Fund deficits. We may have the Brand Fund invest any surplus for the Brand Fund’s future use.

iv. We have the right to determine the proper operation and other decisions of the Brand Fund, and we will administer the Brand Fund at our sole discretion. We may use your contributions to and any earnings on contributions to the Brand Fund for any costs associated with advertising, marketing, public relations, and/or promotional programs and materials, and any other activities we believe would benefit the “DISTRICT DOGS” brand and the network of DD Businesses generally. The Brand Fund may be used for a variety of purposes and purchases, including, without limitation, to create, produce, and place advertising in local, regional, or national media and pay in-house or outside agency costs and commissions; to offset costs associated with the preparation of and presentation of an annual convention, creation, and production of Internet, video, audio, and written advertisements; for the payment to us of costs related to administering the Brand Fund such as reasonable salaries, administrative costs, travel expenses, overhead; hiring and/or retaining internal and/or third parties to develop and create advertising, marketing, promotional, social media and/or public relations materials, programs, campaigns, and media; developing, creating, planning and purchasing advertising campaigns in various media; purchasing media space or time (including all associated fees and expenses); developing and implementing direct mail advertising; employing advertising and/or public relations agencies; conducting and administering promotions, contests, giveaways, public relations events, community involvement activities, etc.; purchasing promotional items; developing new or modified trade dress and marks; developing point-of-purchase (POP) materials, designs and photographs; conducting and administering visual and other merchandising programs; administering regional and multi-regional marketing and advertising programs; conducting market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs and customer retention programs; the creative development of, and actual production associated with, print/radio/television/outdoor/electronic ads, direct mail, press releases, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; creating, maintaining and developing one or more websites or social media platforms devoted to the System, the Marks and/or the

DISTRICT DOGS brand (but not the costs for activities principally directed toward soliciting or promoting the sale of new franchises); developing and implementing training programs for customer service; and providing promotional and other marketing materials and services to the DD Businesses operated under the System, and for any other reasonable purpose. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services or improvements approved in advance by us, which products, services or improvements we will have the right to determine will promote general public awareness and favorable support for the System; and providing promotional and other marketing materials and services to our franchisees, and any other activities which we believe will enhance the image of the System. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement.

v. We make no guarantee to any franchisee that advertising expenditures from the Brand Fund will benefit such franchisee directly or on a pro-rata basis. We assume no direct or indirect liability, obligation, or fiduciary responsibility to you concerning the collection of National Brand Fees or, except as stated above, the maintenance, direction, or administration of the Brand Fund.

vi. Upon your prior written request, we will make an annual unaudited financial statement for the Brand Fund available to you no later than 120 days after the end of each calendar year.

vii. We may increase the National Brand Fee in any amount, at any time, but to no more than 3% of Gross Sales. We will provide you with at least 180 days' prior written notice.

viii. We or our DD Affiliate will contribute to the Brand Fund for DD Affiliate's DD Business at the same rate as franchisee's National Brand Fee, at such time as we have established the Brand Fund and our franchisees are required to contribute to the Brand Fund.

ix. At any time, we may stop collecting and disbursing advertising contributions and terminate the Brand Fund. It will not be terminated, however, until all monies in the Brand Fund have been expended for marketing purposes.

e. **Regional Advertising and Advertising Cooperatives**

Upon 30 days prior written notice to you, we may allocate all or a portion of the National Brand Fees or your Local Advertising Fee obligations to a regional advertising program ("**Regional Advertising Program**") for the benefit of DD Businesses located within a designated geographic territory. We will define the territories, require all franchisees and Affiliate-owned and company-owned DD Businesses within such territories to contribute equally at such time that we are requiring our operating franchised DD Businesses to contribute to, or we allocated monies from the National Brand Fees to, the Regional Advertising Program, and we will use those contributions for advertising purposes. We will control and administer Regional Advertising Programs. There will be no written governing documents. We will prepare unaudited annual financial statements for each Regional Advertising Program. Upon your prior written request, we will make such unaudited annual financial statements available no later than 120 days after the end of each calendar year.

f. **Additional Matters**

i. We intend for the National Brand Fee and any Regional Advertising Programs to be continual and perpetual, but we have the right at any time to change, dissolve, merge, suspend, or reinstate the Brand Fund or Regional Advertising Programs. We will not close the Brand Fund or a Regional Advertising Program until all contributions and earnings have been used for the purpose for which they were collected or refunded.

ii. We do not now have an advertising council. We reserve the right in the future to create one.

ARTICLE 5

RECORD KEEPING, ACCOUNTING AND REPORTING

5.1 Reporting

a. You must record all Gross Sales generated by, at, or through your DD Business on the POS System.

b. You must report all of your Gross Sales, your calculations of Royalties, advertising fees, and other fees due to us, and must deliver other data we require (on forms we may provide or via email or other electronic formats) weekly no later than 1:00 p.m. Eastern Time on the Friday following the previous week for which the calculations were made. We will collect your Royalty, advertising fees, and any other fees or costs due to an Affiliate or us via ACH on or after 2:30 pm Eastern Time on a weekly basis.

c. In addition to weekly Gross Sales reports, you will also deliver to us (i) profit and loss statements, balance sheets, and trial balances prepared under generally accepted accounting principles, consistently applied, to be received by us within 15 days after the expiration of each calendar quarter; (ii) a complete financial statement for your fiscal year including both an income statement and balance sheet, which may be unaudited; (iii) copies of all tax returns relating to sales at your DD Business to be received by us within ten days of the end of the state sales tax reporting period; (iv) copies of your year-end state and federal income tax return within five days of the date they are filed; and (v) such additional records, reports, information, and data as we may reasonably designate, in the forms, at the times and the places we designate as specified in the Operations Manuals or otherwise. We have the right to change the required information after 60 days' notice.

d. The reports may be unaudited, but all reports must be signed and verified as true and accurate by your principal financial or executive officer or you.

e. You grant us permission to release your financial documents to a landlord, lender, or prospective landlord or lender and to disclose this information in our franchise disclosure documents or as may otherwise be required by Applicable Law.

5.2 Record Keeping and Auditing

a. You agree to record all sales at the time of the sale in the POS System or other sales recordation system approved by us. You agree to retain all computer records, charge account records, sales slips, orders, return vouchers, sales tax reports, and all of your other business records and related background material for at least seven years following the end of the year in which the items were or should have been generated.

b. Our designated agents or we have the right, during normal business hours, to enter your DD Business and examine and copy your books, records, and tax returns (of you and your DD Business.) We also have the right, at any time, to have an independent audit made of DD Business books.

i. If an inspection reveals that any payments due to us have been understated in any amount, you will immediately pay us the understated amount, the then-current Late Fee, and Default Interest on such amount from the date such amount was due until paid.

ii. If an inspection discloses an understatement in any payment to us of 2% or more, in addition to collecting the amount due, the Late Fee, and Default Interest, you will also reimburse us for all costs and expenses relating to the inspection (including travel, lodging, and wage expenses, and reasonable accounting and legal costs), and, at our discretion, submit audited financial statements prepared, at your expense, by an independent auditor that we approve.

iii. If an inspection discloses an understatement in any payment to us of 4% or more, in addition to the right to collect the amounts stated above, such act or omission is grounds for immediate termination of this Franchise Agreement without the right to cure.

iv. If it is determined that any underreporting has been intentional, then regardless of the percentage of your Gross Sales that such underreporting represents, we have the right to terminate this Franchise Agreement without any right to cure.

v. All of the remedies stated in this Article are in addition to any other remedies we have under this Franchise Agreement and as provided at law and in equity, as all such remedies are cumulative.

ARTICLE 6

TERM AND SUCCESSOR FRANCHISE RIGHTS

6.1 Effective Date and Initial Term

a. This Franchise Agreement is effective on the Effective Date.

b. The Initial Term of this Franchise Agreement is 10 years from the Effective Date, and, unless otherwise terminated early, the Franchise Agreement will expire on the tenth anniversary of the Effective Date.

6.2 Successor Franchise Rights

a. At the end of the Initial Term, and upon our approval, you have the option to extend your franchise rights for up to two additional Successor Terms of five years each by acquiring Successor Franchise Rights. To be eligible, you must:

i. Notify us by giving written notice of your intent to seek a Successor Term, no earlier than 360 days before, and no later than 180 days before, the scheduled expiration of this Franchise Agreement or the first Renewal Term.

ii. Be in compliance with this Franchise Agreement, all terms and conditions, other agreements with us or our affiliates, and in compliance with the mandatory or required policies, procedures, and standards of the System.

iii. Agree to sign the then-current form of franchise agreement within 30 calendar days of the date you receive it, understanding that the terms of such an agreement may differ significantly from those found here. Under the then-current franchise agreement, you will have one additional Successor Term of five years.

iv. Sign our then-current form of general release, the current form of which is found at Exhibit 6, subject to compliance with then-current applicable law.

v. Be accepted by us under Section 6.3.

vi. Pay the Successor Franchise Fee.

b. If Successor Franchise Rights under the new franchise agreement are granted, the Successor Term will begin on the day following the end of the Initial Term.

6.3 Conditions of Refusal

a. We are not obligated to offer you Successor Franchise Rights if you:

i. Are out of Compliance;

ii. Failed to comply with any of the conditions necessary to obtain Successor Franchise Rights as described in Section 6.2; or

iii. Subject to state law, we have determined, using our Reasonable Business Judgment, not to continue to offer franchises in the area that includes your Protected Area.

b. Upon the occurrence of any of the events described above, we will give you written notice at least 60 days before the expiration of the then-current Term.

6.4 Successor Franchise Renovation

To maintain a clean appearance and meet the then-current operational, décor and brand standard requirements, we may require you to Renovate your DD Business if you are granted Successor Franchise Rights. You must have a reasonable amount of time to complete such Renovations that, in any event, will not exceed 90 days, and some or all of the renovations may be required to be completed prior to granting Successor Franchise Rights.

6.5 Expiration at the End of the Initial Term and Holdover

a. Unless it is terminated earlier, if you fail to elect to purchase Successor Franchise Rights, or if we decline to grant you Successor Franchise Rights, then, unless earlier terminated, this Franchise Agreement will expire at midnight Eastern Time on the last day of the Initial Term.

b. If at the expiration of this Franchise Agreement you continue to accept benefits as a franchisee, then in our sole option, we may treat this Franchise Agreement either as:

i. Having expired as of the date of natural expiration of the then-current Term, in which case you will be operating your DD Business without the right or permission and in violation of our rights; or

ii. Continuing on a month-to-month basis as an 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 30 days after receipt of the notice. During the Interim Period, all obligations under this Franchise Agreement will remain in full force as if this Franchise Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Franchise Agreement will take effect upon termination of the Interim Period. The rights under this Section do not apply in the event of a termination of the Franchise Agreement earlier than the then-current Term's natural end.

ARTICLE 7

OPERATIONS MANUALS AND SERVICES PROVIDED TO YOU BY US

7.1 Operations Manuals

a. In order to protect our reputation and goodwill and to maintain high standards of operation under our Marks, we will provide you with one or more Operations Manuals, technical bulletins, or other written or electronic materials covering our standards, specifications, and operating and marketing procedures that you must utilize to operate your DD Business. The Operations Manuals may consist of multiple volumes of printed text, video and/or audio tapes and files, computer disks, and other electronically stored data, and various and periodic or episodic operational and/or management bulletins, in any format, and you acknowledge and agree that we may provide a portion or all of the Operations Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the Internet.

b. You must comply with the Operations Manuals as an essential aspect of your obligations under this Franchise Agreement, and your failure to comply substantially with the Operations Manuals will be a breach of this Franchise Agreement. The Operations Manuals may be updated from time to time by email or other electronic communications, written notices, and other information delivery methods, and you must comply with any changes in every update within the period provided in such updates.

c. You must only use the Marks and System as specified in the Operations Manuals. The Operations Manuals are our sole property and will be used by you only during the Term of this Franchise Agreement and in strict accordance with the terms and conditions of this Franchise Agreement.

d. You shall at all times treat the Operations Manuals, any other manuals created for or approved for use in the operation of the DD Business, and the information contained therein, as confidential, and shall use best efforts to maintain such information as secret and confidential, protect it from viewing by others, and treat the Operations Manuals with the same degree of care as you would treat its most highly confidential documents. You 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.

7.2 Services Provided by Us Before Commencement of Operations

- a. Before you open your DD Business, we will:
- i. Assist you in selecting the Franchised Location.
 - ii. Review your proposed lease.
 - iii. Give you the names of our architect and other professionals you must use to conform the plans for your Franchised Location to our generic plans.

- iv. Designate your Protected Territory.
- v. Supply you with a list of approved vendors from whom you must purchase the Service Products, furniture, fixtures, equipment, signs, and the like.
- vi. You may request, or we may decide to visit your Franchised Location during buildout, in which case you will pay our then-current Construction Oversight Fee.
- vii. For the first DD Business you open, we may send a representative to you the day before you open and for the following two days to help with your grand opening and initial operations. We may charge our then-current Opening Help Fee.
- viii. Offer training as more specifically outlined in Article 7; and
- ix. Review and approve your grand opening activities.

7.3 Services Offered by Us During the Operation of Your DD Business

- a. During the operation of your DD Business, we may:
 - i. Modify, update, or change the System, including, without limitation, (a) adapting or using new or modified lists of authorized and approved suppliers, trade names, trademarks, service marks, or copyrighted materials, and (a) authorizing new products, services, Branded Products, Permitted Products, the mix of Service Products, operational techniques, technology, or fees.
 - ii. Collect, administer, and offer advertising using the National Brand Fees.
 - iii. Provide feedback from our right to access your POS System.
 - iv. Periodically advise or offer guidance concerning your DD Business's operations.
 - v. Conduct quality control visits (both announced and unannounced) and use a "secret shopper" program.
 - vi. When we deem it appropriate, conduct an Annual Conference to discuss new ideas and other matters.
- b. We may suggest pricing schedules from time to time that you are not required to follow. We do not set minimum or maximum prices for any products, goods, or services.
- c. We offer no advice concerning the hiring of your employees. Your employees are not our employees, and you are solely responsible for their management and control.
- d. **Except as stated in this Article 7, we are not required to offer you any other services.**

ARTICLE 8

PROPRIETARY INFORMATION, INTELLECTUAL PROPERTY, AND OUR OTHER RIGHTS

8.1 Proprietary Information

a. You acknowledge that you will receive knowledge of our proprietary matters, techniques, and business procedures necessary to your DD Business's operation, without which information you could not effectively and efficiently operate. You further acknowledge that the same is unique and novel to the System.

b. Proprietary Information includes (i) Persons that are, have been, or will become franchisees or investors; (ii) Persons that are Customers of any DD Business; (iii) the terms of and negotiations relating to past or current franchise agreements; (iv) the operating procedures used in your DD Business; (v) the economic and financial characteristics of the System; (vi) the phrase "**District Dogs**;" (vii) any common law or statutory copyrights for our materials including the Operations Manuals; (viii) Customer Lists; (ix) the DD Services, Branded Products, Permitted Products, the mix of Service Products, and other services and products offered to Customers; (x) the Operations Manuals; (xi) the Marks; (xii) our unique interior and exterior design and signage; and, (xiii) every other component of the System.

c. In consideration of the time and effort we have spent to create the System, in consideration of the goodwill that has been generated as a result of such efforts, and for other good and valuable consideration, you agree that we retain ownership and control of all components of the Proprietary Information including all Customer Lists.

d. Nothing in this Franchise Agreement requires us to divulge any portion of the Proprietary Information except for purposes of helping you operate your DD Business.

e. You may disclose Proprietary Information only to those employees, agents, and representatives that must have access to operate your DD Business.

f. You have the right to use the Proprietary Information only in the operation of your DD Business and only for so long as you will fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and the policies and procedures that we prescribe from time to time.

g. You acknowledge that we have the sole right to license and control your use of every component of the Proprietary Information. You also acknowledge that you have not acquired any right, title, or interest in or to any Proprietary Information component and will not acquire any such interest in the future. You are granted the limited, non-exclusive license to use the same for your DD Business's operation.

h. You must not copy any component of the Proprietary Information unless we authorize it in writing, which authorization may be granted or denied for any reason or no reason.

i. You must not, during any Term of this Franchise Agreement, at any time after its Transfer, or after the expiration or earlier termination, reveal any component of the Proprietary Information to any Person not otherwise authorized by this Franchise Agreement to see such information.

j. We reserve the right to require each Franchisee Party to sign a nondisclosure and non-competition agreement.

8.2 Marks and Copyrights

a. IP Affiliate owns, and has registrations for, or has filed applications for registration for, the Marks identified in Exhibit 7.

b. We have a license agreement with our IP Affiliate that allows us to use the Marks in conjunction with the sale of franchises and to sublicense the Marks to you. Currently, the license has a term that expires on February 20, 2053, and will be automatically renewed for three additional ten-year terms so long as we monitor our franchisees' use of the Marks to ensure the maintenance of the goodwill associated with the Marks. If the license agreement between us and IP Affiliate terminates or expires, IP Affiliate may, in its sole discretion, license the Marks directly to each then-current franchisee.

c. We grant you the limited and nonexclusive right to use the Marks in connection with the operation of your DD Business. You must use the Marks only to operate your DD Business as authorized by us.

d. Except as permitted by this Franchise Agreement, you shall not use any of the Marks as part of an electronic mail address or in or on Online Sites, and you shall not use or register any of the Marks as part of an Internet domain name.

e. You must not, without our express written permission (which may be granted or denied for any reason or no reason), use our name, the Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items delivered to the employee.

f. The Marks may be used in advertising only with our prior written approval as outlined in this Franchise Agreement and the Operations Manuals.

g. You must not (i) directly or indirectly contest nor aid in contesting the validity of the ownership of the Marks, (ii) in any manner interfere with or attempt to prohibit our use of the Marks, any component of the System, or derivatives thereof, or any of the Proprietary Information or any other name that is or becomes a part of our System, (iii) register or attempt to register or use the Mark or commercially similar Marks; or (iv) at any time interfere with the use of the Marks by our other franchisees or licensees.

h. You further agree to execute all additional documents and assurances reasonably requested by us in connection with our ownership and use of the Marks and to fully cooperate with us or any of our other franchisees or licensees in securing all necessary and required consents of any federal or state agency or legal authority.

8.3 Infringement

a. You must promptly notify us in writing of any possible infringement, unfair competition, or similar claims about the Marks or any component of the Proprietary Information that may be the same as or confusingly similar to that used by us.

b. Our IP Affiliate and we will have the right, in our sole discretion, to control or take any action or administrative proceeding because of any possible infringement or illegal use of the Marks, the System, or the Proprietary Information. Our IP Affiliate and we may commence or prosecute such action in our name and join you as a party to the action if we determine it to be reasonably necessary for the continued protection and quality control of the Marks and each component of the System. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair

competition, or similar claims about the Marks. Our IP Affiliate and we have no obligation to defend or indemnify you if the claim against you relates to your use of the Marks if such use violates the Franchise Agreement. If you learn that a third party is not authorized to use the Marks (or any variant), you must notify us promptly. Our IP Affiliate and we will determine whether or not to take any action against the third party. You have no right to make any demand or prosecute any claim against the alleged infringer.

8.4 Business Name and Contact Information

a. You must not use the phrases “**District Dog**,” “**District Dogs**,” or any commercially similar words or phrases as part of your business entity name or for any other use without our express written permission that may be granted or denied for any reason or no reason.

b. You may do business as “**XYZ, LLC**” (or other business entity) doing business as “**District Dogs of _____ (city/county/state)**” only in the manner approved by us in writing, and so long as this is only a “doing business as” or fictitious name designation and not part of the business entity name.

c. You understand and agree that the telephone numbers, URLs, social media locations you use in conjunction with your DD Business, Online Sites, Customer Lists, and email addresses for your DD Business constitute a part of the System and are subject to the restrictions of this Franchise Agreement. Accordingly, you will not change your DD Business’s telephone numbers, Online Sites, Customer Lists, or email addresses, without our written approval.

d. You must sign the Collateral Assignment of Contact and Electronic Information found in Exhibit 5. Upon the Transfer, expiration, or earlier termination of this Franchise Agreement, all contact information remains our property.

8.5 Modification, Discontinuation, and Goodwill

a. If we, in our sole discretion, determine it necessary to modify or discontinue use of any Marks or any portion of the Proprietary Information or the System or to develop additional or substitutes for any such component, you will, within a reasonable time after receipt of written notice from us, take such action, at your sole expense, as may be necessary to comply with such modification, discontinuation, addition, or substitution.

b. All goodwill associated with the Marks, the Proprietary Information, and any portion of the System, including any goodwill that might have arisen through your activities, will inure directly and exclusively to our benefit except as otherwise provided in this Franchise Agreement or by Applicable Law.

8.6 No Use of Other Marks and Other Limitations

a. No marks, logotypes, trade names, trademarks, or the like other than those specifically approved by us will be used by you for your DD Business’s identification, marketing, promotion, or operation.

b. You have the right to use the Marks, the System, and the Proprietary Information only in connection with the operation of your DD Business and only for so long as you fully perform and comply with all of the conditions, terms, and covenants of this Franchise Agreement and our policies and procedures that we prescribe from time to time.

c. All other use of the Marks in advertising must be with our prior written approval as outlined in this Franchise Agreement and the Operations Manuals.

d. You further agree to execute all additional documents and assurances in connection with the Marks, the System, and any portion of the Proprietary Information as reasonably requested by us and to cooperate with us fully or any of our other franchisees or licensees in securing all necessary and required consents of any state agency or legal authority for the use of the Marks, any portion of the Proprietary Information, or any other component that are or become a part of the System.

8.7 Protection of Marks, System, and Proprietary Information

- a. You agree to:
- i. Fully and strictly adhere to all security procedures prescribed by us to maintain the Marks' ownership, each component of the System, and all of the Proprietary Information;
 - ii. Disclose such information to your employees only to the extent necessary to make and market our products;
 - iii. Refrain from using any component of the Marks, the System, or the Proprietary Information in any other business or any manner not specifically authorized or approved by us in writing; and
 - iv. Exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all such information during and after the Term.
- b. You and your employees will also refrain from conducting any activity at your DD Business or taking any illegal action that could damage or disparage the Marks or negatively impact the reputation and goodwill of the Marks or the System.
- c. **Any breach of this Article 8 may result in immediate termination for which no cure is provided.**

8.8 Innovations by You

- a. During the Term, you may create, design, or invent an Innovation. Any Innovation is our sole and exclusive property. Upon creating or discovering an Innovation, you will immediately notify us in writing and describe the nature of the Innovation in detail. We have the sole and exclusive right to approve or disapprove of any such Innovation for any reason or no reason. If we approve of an Innovation, we may permit you to use the Innovation and may, in our sole discretion, permit any one or more franchisees or company-owned DD Businesses to use any portion of the Innovation.
- b. You agree that as between you and us, or any third party, we own the right, title, and interest in any Innovation. You agree to take any action necessary to ensure that we obtain such right, title, and interest, so long as such action costs you nothing.
- i. To the extent that such ideas, concepts, techniques, or materials include copyrights (whether in common law or registered) or patents, the Innovation will be a "work-made-for-hire." To the extent the Innovation is not deemed a work-made-for-hire, you expressly assign to us all exclusive right, title, and interest in and to any portions of the Innovation without further consideration or any restrictions, liens, or encumbrances.
 - ii. To the extent any of the rights in and to any Innovation cannot be automatically assigned to us due to Applicable Laws, you will ensure that we are granted an exclusive, royalty-free,

transferable, irrevocable, worldwide license (with rights to sublicense) to practice such non-assignable rights, including the right to use, reproduce, distribute, and modify any Innovation.

iii. To the extent any of the rights in and to such Innovation can neither be assigned nor licensed to us, you irrevocably waive and agree never to assert such non-assignable and non-licensable rights against us or any of our successors in interest. No rights of any kind in or to any Innovation are reserved to or by you, and none will revert to or be reserved by or on your behalf.

c. We are not obligated to pay you for any Innovation. We reserve the right to do so without incurring the obligation to pay you or any other franchisee for any future Innovation.

ARTICLE 9

TRAINING

9.1 Initial Training

a. We will offer Initial Training to your Principal Operator, you, and one additional person (who may be your Designated Manager) that must be completed within 90 days after the Effective Date. If you fail to complete Initial Training to our satisfaction, we have the right to terminate your Franchise Agreement (but all restrictive and other covenants that must survive termination will so survive) and will refund 50% of your IFF.

b. Initial Training is more specifically described in the Operations Manuals, handouts, through electronic delivery, or by another method.

c. We offer Initial Training as needed to meet our franchisees' needs but no more often than once monthly.

d. We reserve the right to waive a portion of the Initial Training program or alter the Initial Training schedule if, in our sole discretion, we determine that you or your designated attendee has sufficient prior experience or training.

e. You must pay for all transportation and living expenses incurred in attending Initial Training.

f. We will make Initial Training available to a replacement or additional Designated Managers or Principal Operators during any Term. We reserve the right to charge the then-current Additional Personnel and Transferee Training Fee. You must pay for all travel and living expenses incurred by your personnel during attendance at the Initial Training program. The availability of the Initial Training program to such additional individuals will be subject to space considerations and prior commitments to new franchisees.

g. If you propose to Transfer your DD Business, part of our approval process is the requirement that the Proposed Transferee attend Initial Training and pay the then-current Additional Personnel and Transferee Fee.

9.2 Additional Training, Seminars, and Other Education Development Programs

a. We may provide you with additional, supplemental, or remedial training and support on an as-needed basis as you request or as we deem reasonably necessary. You may be required to pay the then-current Optional Training, Additional Required Training, or Assistance Fee, plus any travel, room, and boarding costs we incur. Additional training can take place at any time and may include training conducted online, at your Franchised Location, or at any other location we designate. We will notify you of any mandatory, voluntary, or remedial training and the requisite fee at a reasonable time before such training is scheduled to occur. Additional training can take place at any time and may include training conducted online, at your Franchised Location, or at any other location we designate. We will notify you of any mandatory, voluntary, or remedial training and the requisite fee at a reasonable time before such training is scheduled to occur.

b. From time to time, we may provide bulletins, brochures, manuals, and reports, if any, as may be published regarding plans, policies, developments, techniques, improvements to the DD Services, Service Products, and operations and management that we feel may be relevant to the operation of your DD Business

c. At such time in the future we deem it appropriate, we may hold an Annual Conference to which attendance will be mandatory and for which we will charge our then-current Annual Conference Attendance Fee. We may increase the Annual Conference Attendance Fee at any time and in any amount after giving you no less than 60 days' prior written notice.

i. You must pay for your travel, accommodations, food, and other expenses incurred. When it is known, you will be provided with the duration and location of such Annual Conference, the identities of those persons who will present information at the Annual Conference, any Annual Conference Attendance Fee to be collected, and the content of any seminars or information to be delivered.

ii. Any Annual Conference will be held at a location we determine.

d. If we hold local or regional meetings, they will last between one and two days and will be held at a location we determine that will be within a reasonable commuting distance from you. Any instructors at such meetings will be Persons we determine whose identities and backgrounds will be disclosed to you before the meeting.

9.3 Employees and Employee Training

a. Your employees are not our employees. You are exclusively responsible for the performance of all matters concerning your employees, including hours worked, scheduling, paying taxes, purchasing workers' compensation insurance, and following all Applicable Law concerning the employer-employee relationship. By way of example and not limitation, we provide no advice, direction, or control over wages, benefits, hiring policies, supervision, promotion, discipline, termination procedures, scheduling, employee-Customer relationships, employee bookkeeping or records, and the like. You have sole responsibility for all employment decisions and functions related to your DD Business, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, scheduling, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs or training that we may offer. You and your managers must comply with all federal, state and local laws and regulations regarding employment-related matters. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may establish from time to time in the

Operations Manuals. To the extent that we may provide suggested or mandatory standards regarding the minimum number of employees, those standards are designed solely to meet the anticipated volume of business, preserve good customer relations, and to achieve the goals of the System. Further, it is the intention of the parties to this Franchise Agreement that we shall not be deemed a joint employer with you for any reason. If we incur any cost, loss, or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for such loss.

b. You are solely and exclusively responsible for properly training all employees in the operation of your DD Business.

c. You may not, under any circumstances, use our name, Marks, copyrighted information, or other Proprietary Information on any checks, employee records, employee applications, employee handbooks, or other items delivered to your employees.

d. You must post a sign in your DD Business acknowledging that it is independently owned and operated and acknowledging the status of your employees as your employees and not ours.

ARTICLE 10

QUALITY CONTROL

In addition to all other obligations and representations of yours that are outlined in this Franchise Agreement:

10.1 System Compliance

a. You agree to use the Marks, System, Operations Manuals, and Proprietary Information and adhere to our standardized design and specifications for your DD Business (the “**System Standards**”). You must not alter, change, or modify the System in any way without our prior written approval that we may grant or deny for any reason or no reason at all. The System Standards include, without limitation, required and suggested specifications, policies, procedures, guidelines and rules regarding operations, administration, budgets, recordkeeping and reporting, teaching, training, sales, advertising and marketing programs, recommended (but not required) staffing levels, customer service standards, use and display of Marks, and other aspects related to the development, equipping, opening and operation of DD Businesses. You acknowledge that all of the System Standards are important to us and our other franchisees. However, you acknowledge that we have the right to vary the standards and specifications, in our reasonable judgment, to accommodate circumstances of individual franchisees.

b. You must use the System, Marks, Manuals, and Proprietary Information only for your DD Business’s operation and will not use them in connection with any other line of business or activity.

c. You must conduct no business at your DD Business other than that authorized under this Franchise Agreement.

d. Your employees and you will conduct no illegal activity at the DD Business. Your employees and you will not participate in or allow any other activity at your DD Business that could reasonably damage the Marks, or our reputation and goodwill.

e. You must refrain from engaging in any trade practice or other activity that we determine to be a deceptive trade practice, harmful to the goodwill of the System or Marks, or that may reflect unfavorably on your reputation, other franchisees, or us.

f. You must sell from your DD Business all goods, services, and products specified by us, and you will refrain from selling or offering for sale any other goods, services, or products of any kind or character without first obtaining our express written approval, which may be granted or denied for any reason or no reason at all.

g. You must purchase the Service Products and other goods and services we designate only from the source we identify.

h. You must comply with all other contracts you enter into concerning your DD Business's operation, understanding that your breach and failure to cure the breach of any material contract could result in the termination of this Franchise Agreement.

i. You must ensure that all pets that visit your Business are properly vaccinated.

10.2 Compliance With Applicable Laws

There may be Applicable Laws that apply to the buildout and operation of your DD Business, including those related to (i) the construction, design, and maintenance of your DD Business; (ii) ventilation requirements; (iii) zoning; (iv) health and sanitation; (iv) employment matters; (v) equal access for the disabled including requirements imposed by The Americans with Disability Act of 1990, (vi) animal welfare laws; and (vii) permits and licenses specific to the operation of your DD Business. Compliance with Applicable Laws is mandatory, and your failure to adhere to the same permits us to terminate your franchise rights without the opportunity to cure.

10.3 Inspections

a. You consent to reasonable inspections and audits at your DD Business during normal business hours. As a result of such audits, we may find matters that require immediate attention. In such an event, you will change your DD Business or any portion of your DD Business's operation as necessary to comply.

b. You must permit our agents or us at any reasonable time to remove from your DD Business without payment samples of Branded Products, Permitted Products, other Service Products, or other items and in amounts reasonably necessary for testing by an independent laboratory or us. The samples will be used to determine whether each meets our then-current standards and specifications. In addition to any other remedies available to us under this Franchise Agreement, we may require you to bear the cost of such testing if the sample fails to conform to our specifications.

c. You agree to cooperate and assist us with any Customer or marketing research program that we may institute from time to time. Your cooperation and assistance include distributing, displaying, and collecting Customer comment cards, questionnaires, and similar items.

10.4 Appearance and Customer Service

a. You must give prompt, courteous, and efficient service to your Customers to maintain and enhance the reputation and goodwill of your DD Business and the System.

b. You are required to have all personnel wear clean uniforms (conforming to such specifications as to color and design that we may designate from time to time) while in attendance at your DD Business and to cause all employees to present a clean, neat appearance.

c. You must maintain an adequate supply of all inventory items.

d. You must enforce such standards of cleanliness, health and sanitation, and service methods as meet our standards and Applicable Law. You must hire a sufficient number of employees and maintain sufficient inventories to operate your DD Business at its maximum capacity.

e. You must have no jukeboxes, games of chance, video games, newspaper racks, children's rides, telephone booths, cigarettes, gum, candy, or other vending machines installed in or at your DD Business.

10.5 Timely Delivery of All Reports and Fees

You must timely deliver all reports and fees as required under this Franchise Agreement.

10.6 Compliance With All Terms of This Franchise Agreement

You agree to comply with all covenants and duties placed upon you by this Franchise Agreement.

10.7 Management

Your Principal Operator, Designated Manager, or you must personally participate in the direct day-to-day operation of your DD Business, though we always recommend that you operate the business day-to-day.

10.8 Hours of Operation

Unless otherwise mutually agreed in writing, you must operate your DD Business during such hours and on the days the Operations Manuals require. All days and hours of minimum required operation are subject to change at our discretion.

10.9 Modification and Pricing

a. We may change or modify the System, the Operations Manuals, the Marks, and the Proprietary Information, and you agree to accept, be bound by, use, implement, and display any such changes to the System. You acknowledge and agree that from time to time hereafter we may change or modify the System as we deem appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of DD Businesses. Our changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the delivery of products and services, and new trademarks, service marks and copyrighted materials.

b. Notwithstanding the provisions and limitations of Sections 2.9 and 2.10, you must, upon reasonable notice, accept, implement, use and display in the operation of the DD Business any such changes in the System, as if they were part of this Franchise Agreement at the time of execution hereof, and make the necessary expenditures to implement such changes or modifications. We maintain complete ownership and control of any changes, modifications, enhancements, or suggestions made by you or us.

c. Additionally, we reserve the right, in our sole discretion, to vary the standards throughout the System, as well as the services and assistance that we may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that we deem to be important to the operation of any DD Business or the System. You will have no recourse against us on account of any variation to any franchisee and will not be entitled to require us to provide you with a like or similar variation hereunder.

d. We may, from time to time, advise you concerning suggested retail prices for goods and services. However, we do not set minimum or maximum prices for any products, goods, or services. Using our suggested prices does not infer that you will optimize Gross Sales or profits.

10.10 Disclosure

We can disclose any information concerning your DD Business in our franchise disclosure documents, including your name, address, telephone number, and financial or other information.

10.11 Variances

a. We may approve exceptions to, or changes in, the uniform standards for you or other franchisees that we believe are necessary or desirable under particular circumstances. You have no right to object to such variances or obtain the same variances for yourself.

b. From time to time, we may also allow certain services or products not otherwise authorized for general use as part of the System to be offered locally or regionally based on such factors as we determine, including market testing, your qualifications, and regional and local differences.

10.12 No Product Warranties

Any products, goods, Branded Products, Permitted Products, the mix of Service Products, DD Services, inventory, or equipment purchased by you through us or our Affiliates will be subject only to the manufacturer's warranties. **OUR AFFILIATES, APPROVED SUPPLIERS, AND WE GIVE NO EXPRESS OR IMPLIED WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY OF THE ABOVE PURCHASED BY YOU, AND YOU SPECIFICALLY WAIVE ANY EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE OR KIND TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW. YOU WILL HAVE SUCH MANUFACTURERS' WARRANTIES AS MAY BE SUPPLIED.**

ARTICLE 11

INSURANCE

11.1 Required Insurance Coverage

a. Before opening your DD Business and annually after that, you will purchase and maintain in full force during each Term an insurance policy or policies protecting you and us, and the officers, directors, partners, and employees of both you and us, against any loss, liability, personal injury, death, product liability, property damage, loss, or expense arising or occurring upon or in connection with the operation of your DD Business. We and our officers, directors, members, partners, and employees will be named additional insureds on all such policies, including primary and non-contributory coverage, products, ongoing and completed operations coverage, and a blanket waiver of subrogation for all additional insured. You must secure such endorsements, including CG 20 29 04 13, and such other endorsements as provide

the broadest coverage for the additional insureds. The coverage afforded to the additional insureds must be written on a primary basis and will not require or contemplate contribution by any other policy or policies obtained by or available to an additional insured.

b. Before opening your DD Business and at least 30 days after the renewal of each such policy, you will deliver to us the actual policy or policies of insurance or endorsements issued by the insurer (and not the broker) evidencing the proper coverage with limits not less than those required hereunder.

c. All policies will expressly provide that no less than 30 days prior written notice will be given to us if a material alteration to, termination of, non-renewal of, or cancellation of the coverage evidenced by such policies. You must obtain the following coverage:

i. Commercial general liability insurance, including coverage for products-completed operations, contractual liability, personal and advertising injury, product liability, fire damage, and medical expenses, having a combined single limit for bodily injury and property damage of \$2,000,000 per occurrence and \$3,000,000 in the aggregate.

ii. Excess liability umbrella coverage for general and automobile liability coverage of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. All such coverages will be on an occurrence basis and will provide for waivers of subrogation.

iii. Employer's liability and worker's compensation insurance as required by state law in the state where the Franchised Location is found.

iv. Business interruption insurance of not less than \$50,000 per month for loss of income and other expenses with a limit of not less than nine months of coverage.

v. Comprehensive crime and blanket employee dishonesty insurance of not less than \$5,000.

vi. Computer fraud coverage (including coverage for cyberattacks or losses, hacking losses and loss because of malware, pretexting, phishing attacks, and the like) of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate. To the extent that this coverage requires multiple policies or endorsements, you will obtain each policy or endorsement.

vii. **"Social Engineering Fraud"** or similar insurance coverage of no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

d. Such policy or policies will be written by an insurance company rated A-minus or better, in Class 10 or higher, by Best Insurance Ratings Service and satisfactory to us per standards and specifications outlined in the Operations Manuals or otherwise in writing, from time to time, and will include, at a minimum (except as additional coverage and higher policy limits may be specified by us from time to time) the coverage found above.

11.2 No Limitations on Coverage and Primacy

a. Your obligation to obtain and maintain insurance policies in the specified amounts will not be limited because of any insurance that we may maintain, nor will your performance of these obligations relieve you of liability under the indemnity provisions of this Franchise Agreement.

b. All liability, property damage, and motor vehicle liability policies must provide that your insurance coverage is primary to any coverage maintained by us. We will be entitled to recover under your policies for any loss we sustained for whatever reason.

11.3 Franchisor May Procure Insurance Coverage

Should you, for any reason, fail to procure or maintain the insurance required by this Franchise Agreement as described from time to time by the Operations Manuals or otherwise in writing, we have the right and authority (but no obligation) to procure such insurance and to charge the same to you, which charges, together with a reasonable administrative fee in so acting, will be immediately payable to us.

11.4 Destruction of Premises

a. If the building in which your DD Business is located is damaged or destroyed by fire or another casualty and it is to be repaired or reconstructed, you will commence the required repair or reconstruction as soon as is practicable and will complete all required repair or reconstruction as soon as possible after that, in continuity, but in no event later than 180 days from the date of such casualty. The restored building's minimum acceptable appearance will be that which existed just before the casualty. Every effort should be made to have the restored building include the then-current image, design, and specifications of new DD businesses.

b. If the building is substantially destroyed by fire or another casualty and the repairs cannot be made within the 180 days, and if the landlord (or mortgagee if applicable) will permit you to terminate the lease (or satisfy the mortgage without rebuilding), you may apply to us for the right to terminate this Franchise Agreement. If we agree to grant the termination after using our Reasonable Business Judgment, upon payment to us of an amount equal to 25% of all insurance proceeds available because of such casualty, this Franchise Agreement will terminate. Nothing in this Franchise Agreement will be deemed a guarantee that we, a landlord, or mortgagee, will permit termination. The grant of termination by one such entity will not guarantee the termination of this Franchise Agreement, a lease, or mortgage by any other such entity.

ARTICLE 12

TRANSFERS

12.1 Sale or Assignment by Us

This Franchise Agreement and all rights and obligations hereunder are fully saleable, assignable, and transferable by us. If sold, assigned, or transferred, the Terms of this Franchise Agreement will be binding upon and inure to the benefit of our successors and assigns. We may sell any portion of or all of the System, Proprietary Information, or other assets of ours to a competitor or any other entity. We may transfer ownership of all or a portion of our equity interests to any person or entity, or accept new owners and investors. We may go public, engage in a private or other placement of some or all of our securities, or merge with or acquire other entities or assets which may be competitive with the System. Similarly, a competitive or other entity may acquire us. We may undertake any refinancing, leveraged buy-out, or similar transactions. We may do any or all of the foregoing, and do not need, nor are we required to seek, your approval or consent. You waive all claims, demands, and damages concerning any transaction allowed under this Section or otherwise. You must fully cooperate with any sale, assignment, merger, acquisition, conversion, sale, or financing.

12.2 Transfer by You

a. This Franchise Agreement is personal to you and has been signed by us in reliance on and in consideration of your qualifications and representations. This Franchise Agreement, any of its rights or privileges, or any equitable, capital, voting, non-voting, or other interest in you may be assigned, sold, transferred, or divided in any manner by you or anyone else only with our express written permission.

b. A “**Transfer**” includes the voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition by you (or by any of your equity owners) of any interest in (i) this Franchise Agreement, (ii) the equity ownership as stated in Exhibit 1, or (iii) any assets of your DD Business other than in the normal course of business. A “**Transfer**” also includes (iv) a gift to any Person; (v) a transfer resulting from a divorce, insolvency, or business entity dissolution proceeding; (vi) a transfer by operation of law; (vii) a transfer from the death, transfer, or disposition by will or under the laws of intestate succession; (viii) a transfer by the declaration of or transfer in trust; (ix) the pledge of any of interests described in this Section as a security interest; (x) a transfer resulting from any merger, stock redemption, consolidation, reorganization, recapitalization; and, (xi) a transfer by any other direct or indirect means.

c. Neither you nor any of your owners may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. We have the right to withhold our consent, but we will not unreasonably withhold our consent. We may condition our consent on your satisfaction of the conditions described in Sections 12.3 through 12.8.

d. To obtain written approval for a Transfer, you will provide us with all documentation relating to the Proposed Transfer. We will notify you of our decision within 30 days after receiving all of the information we may request from you. The Proposed Transfer is disapproved if we do not respond within these 30 days. The Person that offers the Proposed Transfer or to whom you wish to Transfer is the “**Proposed Transferee**.”

e. Each certificate of a corporation or limited liability company business entity franchisee will have endorsed upon its face a legend stating that assignment or transfer thereof is subject to the restrictions of this Franchise Agreement. You agree to provide us with a copy of each such certificate to ensure compliance with this Section.

12.3 Conditions to Approval of a Transfer of the Entire Business

For a proposed Transfer of the DD Business, or all or substantially all of the assets of the DD Business, or the lease for the DD Business, or this Franchise Agreement, or if you are a corporation or other entity, a Transfer of ownership interests that results in a Change of Control, the following conditions apply (unless waived by us):

a. In determining the acceptability of a Proposed Transferee, we will consider, among other things, our then-current standards for new franchisees, including the net worth, creditworthiness, background, training, personality, reputation, and business experience of the Proposed Transferee, the terms and conditions of the Proposed Transfer, and any circumstances that would make the Transfer contrary to our Reasonable Business Judgment or the best interests of the System.

b. We may meet with the Proposed Transferee and candidly discuss all matters relating to the Franchise Agreement and your DD Business with the Proposed Transferee. In no case will you or a Proposed Transferee rely on us to review or evaluate any Proposed Transfer. We will not be liable to you, the Proposed Transferee, or any other Person relating to the Transfer.

- c. As conditions to any Transfer, you agree as follows:
- i. You must notify us of the Proposed Transfer by sending us written notice and enclosing a copy of the written offer from the Proposed Transferee. You must also inform the Proposed Transferee that we will review the Proposed Transfer.
 - ii. You must be in Compliance with this Franchise Agreement and not be in default when you request the Transfer.
 - iii. All accounts payable and other monetary obligations to Affiliates, subsidiaries, or us must be paid in full.
 - iv. You must have timely submitted all required reports, financial statements, and other documents.
 - v. If approved, the Proposed Transferee must sign our then-current form of franchise agreement, **which may contain terms, covenants, and conditions significantly different from those in this Franchise Agreement.**
 - vi. The Proposed Transferee must attend Training and pay tuition (if any) that is then charged to new franchisees. The Proposed Transferee will also pay for their travel, room, and board expenses for such Training.
 - vii. You must pay the Transfer Fee.
 - viii. You or the Proposed Transferee must upgrade the facility or agree to upgrade the facility to our then-current standards.
 - ix. You must execute our then-current form of general release. A copy of the current form of general release is attached as Exhibit 6.
- d. Regardless of any Transfer, all covenants found in this Franchise Agreement that must survive to remain enforceable, including any post-term covenants not to compete, any indemnification covenants, and any confidentiality obligations, and the provisions relating to dispute resolution will survive and continue to be enforceable by you and us.

12.4 Transfer of a Partial Ownership Interest

For any proposal to admit a new owner, to remove an existing owner, or to change the distribution of ownership shown as stated in Exhibit 1, or for any other transaction that amounts to the Transfer of a partial interest in the DD Business or you, you must provide us thirty (30) days' prior written notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. We will have the right to require reimbursement of any out-of-pocket expenses that we incur in reviewing the Proposed Transfer. We will have a reasonable time (not less than thirty (30) days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in Sections 12.3.a, 12.3.c.i, and 12.3.c.viii in connection with any such transfer. We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions. You acknowledge that any proposed new owner must submit a personal application, and the owner must execute a personal guarantee in the same form signed by the original owners or our then-current form of personal guarantee, as well as the current form of Exhibit 3.

12.5 Transfer to a Corporation or Other Entity for Convenience

We will consent to the assignment of this Franchise Agreement to a corporation, partnership or limited liability company that you form for the convenience of ownership, provided that: (a) the entity has and will have no other business besides operating a DD Business (b) you satisfy the conditions in Sections 12.3.a, 12.3.c.i, and 12.3.c.viii above; and (c) the owners hold equity interests in the new entity in the same proportion shown on Exhibit 1. There is no Transfer Fee for a Transfer to an entity for convenience of ownership, but we will have the right to require reimbursement of any out-of-pocket expenses that we incur in reviewing the Proposed Transfer.

12.6 Invalidity of Transfers

- a. An Involuntary Transfer or any attempt by you to complete a Transfer in violation of this Franchise Agreement is not binding on us and is grounds for your termination without the right to cure.
- b. You agree not to grant a sub-franchise under this Franchise Agreement and not to otherwise license or permit others to use this Franchise Agreement, your DD Business, or any of the rights you derive under this Franchise Agreement in any manner that violates the provisions herein.
- c. You agree that using this Franchise Agreement as security for a loan or otherwise encumbering this Franchise Agreement is prohibited unless we specifically consent to any such action in writing before the proposed transaction.

12.7 Death or Permanent Disability

If you are a natural person or a natural person Franchisee Entity, upon your death or Permanent Disability, your executor, administrator, conservator, guardian, or personal representative will Transfer your interest in Franchisee and this Franchise Agreement to an approved third party who may be your heirs or successors. Such disposition (including Transfer by operation of law, intestacy, bequest, or inheritance) must be completed within a reasonable time, not to exceed 180 days from the date of death or Permanent Disability, and is subject to all terms and conditions applicable to transfers contained in this Article 12 as though the Proposed Transferee was being introduced to us by the natural person Franchisee Entity; provided, however, that for purposes of this Section 12.7, no Transfer Fee will be charged.

12.8 Right of First Refusal

If you receive a proposal to Transfer or wish to Transfer all or substantially all of the ownership interests in you, or all or substantially all of your assets, or the Franchise Agreement, you agree the same is subject to our 30-day Right of First Refusal to purchase such rights, interest, or assets on the same terms and conditions as are contained in the written offer for the Transfer; provided, however, that the following additional terms and conditions will apply:

- a. You must notify us of such an offer by sending a written notice to us enclosing a copy of the written offer from the Proposed Transferee;
- b. The 30-day Right of First Refusal will run concurrently with the period in which we have the right to accept or not accept the Proposed Transferee;
- c. Such Right of First Refusal is effective for each Proposed Transfer, and any material change in the terms or conditions of the Proposed Transfer will be a separate offer on which a new 30-day Right of First Refusal will be given to us;

d. If the consideration or manner of payment offered in a Proposed Transfer is such that we may not reasonably be required to furnish the same, we may purchase the interest for the reasonable cash equivalent. If the Parties cannot agree within a reasonable time on the cash value of the consideration proposed to be paid by the Proposed Transferee, an independent appraiser will be designated by us, whose determination will be binding upon the Parties. All expenses of the appraiser will be paid equally between you and us; and

e. If we choose not to exercise our Right of First Refusal, you will be free to complete the Transfer subject to your compliance with this Article 12. Our failure to reply to such Right of First Refusal within the 30 days means we have waived our Right of First Refusal.

ARTICLE 13

DEFAULT AND TERMINATION

13.1 Termination by Us – Effective Upon Notice

We have the right, at our option, to terminate this Franchise Agreement and all rights granted you without allowing you to the right to cure (subject to any state laws to the contrary, where such state law may prevail) or to exercise any other rights that we may have upon the occurrence of any of the following events:

a. You cease to operate your DD Business or otherwise abandon your DD Business for 4 consecutive days or any shorter period that indicates your intent to discontinue operation unless and only to the extent that an act of Force Majeure suspends the full operation of your DD Business.

b. You become insolvent as that term is commonly defined using generally accepted accounting principles, consistently applied, are adjudicated a bankrupt, any action is taken by you or by others against you under any insolvency, bankruptcy, or reorganization act, you make an assignment for the benefit of creditors, or a receiver is appointed by you. This provision may not be enforceable under federal bankruptcy law, 11 U.S.C. §§ 101 *et seq.* If, for any reason, this Franchise Agreement is not terminated under this Article 13 and Is assumed, or assignment of the Franchise Agreement is made to any Person that has made a *bona fide* offer to accept the Transfer of this Franchise Agreement under the U.S. Bankruptcy Code, then we will be given no less than 20 days notice of such Proposed Transfer setting forth, (i) the name and address of the proposed assignee and (ii) all of the terms and conditions of the proposed assignment and assumption within ten days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will thereupon have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of this Franchise Agreement to us 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 brokerage commissions which may be payable by you out of the consideration to be paid by such assignee for the assignment of this Franchise Agreement.

c. Any material judgment or award (or several judgments or awards which in the aggregate are material) is obtained against you and remains unsatisfied or of record for 30 days or longer unless a *supersedeas* or other appeal bond has been filed or if execution is levied against your DD Business, any of the property used in the operation of your DD Business, or the business entity franchisee and is not discharged within five days.

d. You are (i) arrested for, convicted of, or plead no contest to a crime, whether a misdemeanor or felony involving moral turpitude; (ii) arrested for, convicted of, or plead no contest to a

felony of any nature; or (iii) arrested for, convicted of, or plead no contest to any other crime whether a misdemeanor, felony, or civil offense that is reasonably likely in our sole opinion to materially and unfavorably affect the System, Marks, Proprietary Information, or the goodwill or reputation thereof.

e. You fail to pay any Royalties, Advertising Fees, or any other amounts due us, including any amounts which may be due as a result of any other agreements between you and us, within 7 days after receiving notice that such fees or amounts are overdue.

f. You negligently misuse or fail to follow our direction and guidelines concerning the use or confidentiality of the Marks, the Operations Manuals, any component of the System, or any Proprietary Information and fail to correct the misuse or failure within five calendar days after notification from us. If your violation of this Section is intentional, you will have no right to cure the breach, and termination will be immediate.

g. You intentionally or negligently disclose any component of the System, the Marks, or any of the Proprietary Information to an unauthorized Person.

h. During the Initial Term, you received two written notices of default, or during a Successor Term, you receive one written notice of default as to any term, covenant, or condition (or a combination thereof) of this Franchise Agreement and are again in default of the same or any other term, covenant, or condition of this Franchise Agreement, even if all prior breaches were timely cured.

i. You attempt to or actually complete a Transfer without permission or suffer an Involuntary Transfer or otherwise violate the terms of Article 9.

j. You violate any Applicable Law (including your failure to pay employees timely or to fail to timely pay any tax due as a result of your DD Business's operation) and fail to cure the same within the time allowed under Applicable Law if any such cure is granted.

k. You made any material misrepresentations relating to the acquisition of your rights under this Franchise Agreement.

l. You violate any covenant or condition of Section 1.6.

m. You violate any term, covenant, or condition of your lease, the result of which is that you lose your right to possession of your Franchised Location.

n. An inspection of your records disclosed an understatement of payments of 2% or more. If the inspection reveals an intentional understatement, then regardless of the percentage it bears to your Gross Sales, the same will be a breach for which no cure is available.

o. You violate any other term, covenant, or condition of this Franchise Agreement that contains its own cure provision and then fail to cure within the time provided.

p. You engage in any unauthorized business or business practice or sell any unauthorized product or service from your DD Business.

q. You engage in any activity, take any action or fail to take any action, the consequence of which has, in our sole discretion, an adverse effect on or disparages the System, the Proprietary Information, the Marks, or the goodwill of the franchise system.

- r. You violate Section 13.3.
- s. You fail to deliver any reports or documents due under this Franchise Agreement and then fail to cure the same after receiving written notice giving you five days to cure.
- t. You fail to add new lines of Branded Products, Permitted Products, the mix of Service Products, other goods, and services, technology, or changes to the System or Operations Manuals after we have notified you in writing and have given you a reasonable time to comply, which will no longer than 60 days; or
- u. You fail, refuse, or neglect to obtain any prior written approval or consent required by this Franchise Agreement.

13.2 Termination by Us – 30 Days Notice

- a. We will have the right to terminate this Franchise Agreement (subject to any state laws to the contrary, in which case such state laws will prevail) effective upon 30 days' written notice to you if you breach any other term, covenant, or condition of this Franchise Agreement not identified in Section 10.1, and you fail to cure the default during the 30 days.
- b. After the passage of said 30-day period without a cure, we have the right to avail ourselves of such remedies as are available under this Franchise Agreement.

13.3 Cross Default

- a. If you are a party to any other franchise agreements with us or are a party to any agreements with an Affiliate, and if such agreement is breached and not timely cured within the period permitted in such agreement, we have the right to terminate this and all other Franchise Agreement without affording you an additional right to cure.
- b. If you violate the terms, covenants, or conditions of any Third Party Contract and fail to cure any such breach within the time permitted under the Third Party Contract, and as a result, you are unable to operate (i) your DD Business in the manner that you were able to before the breach of the Third Party Contract; or (ii) any other DD Businesses under separate franchise agreements, then upon termination of said Third Party Contract, your rights under this Franchise Agreement or any other franchise agreements, may, in our sole and exclusive discretion, also be terminated, or we may avail ourselves of any other remedies allowed by this Franchise Agreement). You must provide us with immediate notice in the event of the termination of a Third-Party Contract.

13.4 Diligent Pursuit of Cure

- a. If the breach of this Franchise Agreement is one for which cure is provided and if you undertake the cure within three (3) days of the date that you receive our notice, and if you continue to pursue such cure in good faith but are unable to complete the cure within the period provided in this Franchise Agreement, then you will be given up to an additional 30 days after the end of the first cure period within which to complete such cure. If you fail to pursue the cure during this additional 30 days or are unable to complete such cure within the 30 days, then we have the right to terminate the Franchise Agreement without the right to any additional cure or further notice to you.
- b. We retain the right, in our sole discretion, to grant extended time to cure. In such an event, however, we will not have waived our rights to later strictly enforce any right to cure, deny you the right to

cure a future breach for which no cure is provided, or take such action as is allowed by this Franchise Agreement.

c. If the Event of Default is one for which cure is provided, during the period of cure, we have the right to suspend our performance of any of our obligations under this Franchise Agreement, including the supply of any online services, online advertising, web-page hosting, and the sale or delivery of any goods, services or products until you cure the Event of Default.

13.5 Our Rights to Damages

Upon your failure to cure an Event of Default within the specified time or if no cure is provided, we may proceed to enforce any of the following non-exclusive remedies or any other remedy, claim, or cause of action allowed by law or in equity with the understanding that the pursuit of one remedy is not an election of remedies to the exclusion of others and is not a waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive:

a. Bring one or more actions for lost profits as measured by the Royalties and other fees that would have been due and payable had a breach not occurred, penalties, and interest as provided for in this Franchise Agreement, and for all other damages sustained by us because you breached this Franchise Agreement;

b. Accelerate the balance of any outstanding installment obligation due and bring an action to collect the entire accelerated balance;

c. Subject to the terms of Article 16, bring an action for a temporary or permanent injunction or for specific performance to stop you from engaging in prohibited actions such as (i) improper use of the Marks or System, (ii) unauthorized assignment of this Franchise Agreement, (iii) violation of any of the restrictive covenants, or (iv) your failure to meet or perform your obligations at the expiration, earlier termination, or Transfer of this Franchise Agreement.

d. Terminate this Franchise Agreement or not terminate this Franchise Agreement but terminate your right to operate under this Franchise Agreement and proceed to enforce our rights under the appropriate provisions that will include our right to obtain damages;

e. We have the right to refrain from terminating this Franchise Agreement but retain the right to enforce our rights to deny your use of the Proprietary Information or the right to operate your DD Business or avail ourselves of any other legal or equitable remedy and to bring an action for any damages, costs (including reasonable attorneys' fees and costs) or losses suffered by us;

f. If you operate your DD Business, use any of the Marks or any component of the Proprietary Information or System after Transfer or the termination or expiration of this Franchise Agreement or violate any covenants that survive such expiration, termination, or Transfer, then in addition to any remedies provided above and any other remedies in law or equity (all of which will be cumulative and will not be deemed to be an election of remedies to the exclusion of other remedies), our remedies will include recovery of the greater of (i) all profits earned by you in the operation of your DD Business using our Marks or any component of the Proprietary Information or System after such Transfer, repurchase, termination, or expiration or (ii) all other damages as may be proven.

g. Notwithstanding anything in this Franchise Agreement to the contrary, to the extent that state law requires us to purchase some or all of your assets at FMV upon the expiration or termination of this Franchise Agreement, we agree to repurchase your assets at their FMV.

13.6 Independent Covenants

- a. You agree that you will not withhold payments of Royalties, advertising fees, or any other amounts of money owed to us for any reason, even including a claim by you of the alleged nonperformance by us of any obligation hereunder.
- b. All terms, covenants, and conditions in this Franchise Agreement are independent of each other.

13.7 Action Against Us

Subject to the limitations of actions as found in this Franchise Agreement that requires you to take any action before the expiration of the time limit found therein, before starting any dispute resolution procedure against us or any of our officers, agents, or employees, you agree first to give us or our officers, agents, or employees 60 days prior written notice and an opportunity to cure any alleged act or omission within that time. If such an act or omission cannot be cured within the 60 days and our officers, agents, or employees or we are diligently pursuing cure, you will give us or our officers, agents, or employees an additional 30 days to complete the cure. If we fail to complete such a cure in a timely fashion, you have such rights as permitted under this Franchise Agreement.

ARTICLE 14

YOUR OBLIGATIONS UPON TRANSFER, TERMINATION, OR EXPIRATION

14.1 Obligations

Upon a Transfer (to the extent that the below are applicable), termination, or expiration of this Franchise Agreement, you will cease to be a licensed franchisee and you must immediately:

- a. Pay for all product purchases, advertising fees, and other charges and fees owed or accrued to us.
- b. Refrain from holding yourself out as a franchisee and immediately cease to advertise or in any way use the System, the Marks, any materials, designs, logos, methods, procedures, processes, and other commercial property and symbols or promotional materials provided by or licensed to you by us or in any way connected with your DD Business.
- c. Take all steps necessary to disassociate yourself from the System and your DD Business, including modifying the interior or exterior of your Franchised Location to distinguish it from the standard or common appearance of franchised DD businesses, removing signage, and destroying all letterhead.
- d. Take such action as necessary to amend or cancel any assumed name, fictitious name, business name, or equivalent registration which contains any trade name or Mark of ours or in any way identifies you as being affiliated with the System;
- e. Notify all suppliers, utilities, creditors, and concerned others that you are no longer affiliated with the System or us and provide proof of such notification. You covenant not to use any part of the System or any part of our trade secret or confidential or proprietary information or materials following the Transfer, expiration, or termination of this Franchise Agreement and not to identify any present or future business owned or operated by you as having been in any way associated with us or the System;

f. Within seven (7) calendar days, return to us by recognized overnight delivery (e.g., FedEx or UPS), or by first-class, prepaid, certified, return receipt requested United States mail all Operations Manuals (including originals and any copies), all training, advertising, promotional aids, materials, and all other printed materials concerning the operation of your DD Business and the Customer Lists; and

g. Unless an earlier time is called for, in which case the earlier time prevails, furnish evidence satisfactory to us of compliance with this Article 14 within 30 calendar days after the Transfer, expiration, or termination of this Franchise Agreement.

h. We will also have the right to exercise our rights under the Collateral Assignment of Contact and Electronic Information found in Exhibit 5. If the telephone company, website manager, hosting agent, and other listing or Internet agencies fail to accept the Collateral Assignment of Contact and Electronic Information, this covenant serves as your election of us as your attorney-in-fact coupled with an interest as evidence of our exclusive rights in and to the same. If your state requires specific information to be included in this Franchise Agreement or a particular document to be executed to perfect our rights as your attorney-in-fact, you and we agree that this Franchise Agreement is amended to include such language or document, and you and we will cooperate to ensure that such document is executed;

i. The terms of this Article 14 survive the Transfer, expiration, or earlier termination of this Franchise Agreement.

14.2 Additional Matters

Upon the Transfer, expiration, or earlier termination of this Franchise Agreement for any reason:

a. No payment will be due to you from any source on account of any goodwill or other equity claimed by you arising from your operation or ownership of your DD Business or this Franchise Agreement;

b. No fees, charges, Royalties, advertising fees, or other payments of any kind from you to us will be refundable in whole or in part; and

c. You must have no equity or other continuing interest in this Franchise Agreement or the franchise relationship.

ARTICLE 15

FIRST RIGHT TO PURCHASE

a. Except as otherwise provided in Article 12, which will prevail in the instance of a Transfer, upon the expiration, or earlier termination of this Franchise Agreement, you grant to us the right to acquire, in our sole discretion, all or any part of your inventory, equipment, signs, accessories, and other personal property relating to your DD Business or this Franchise Agreement at the Fair Market Value of such furniture, fixture, equipment, or item, as of the date of the expiration or termination of this Franchise Agreement.

b. We must provide you written notice of our intent to exercise this option within 30 days of such expiration or termination. Unless otherwise agreed by you, the purchase price as determined hereunder will be paid in cash within the option period.

c. If we have not notified you of our election to exercise this option within the 30 days, it will be conclusively presumed that we have elected not to exercise our option, and you are then free to sell or transfer such assets to any person or entity on such terms as you may so choose.

ARTICLE 16

RELATIONSHIP BETWEEN THE PARTIES

a. In all matters between us, or between you and the public, you are an independent contractor. This Franchise Agreement does not establish a fiduciary relationship between us. Nothing in this Franchise Agreement or the franchise relationship constitutes a partnership, agency, joint venture, or another similar arrangement between you and us for any purpose.

b. Neither Party is liable for the other Party's debts, liabilities, taxes, duties, obligations, defaults, compliance, intentional acts, wages, negligence, errors, or omissions.

c. You are responsible for managing and controlling your DD Business and its operation, including its daily management, employee direction, and the payment of all costs and expenses.

d. The Parties agree not to hold themselves out by action or inaction contrary to the preceding.

e. None of your employees are our employees, and each employee must be so notified.

f. You and we will not act or have the authority to act as agents for the other. You are not authorized to, and agree that you will not, make any contract, agreement, warranty, or representation on our behalf, or create any obligation, express or implied, on our behalf. Neither you nor we guarantee the other's obligations or in any way may become obligated for the debts or expenses of the other.

g. During the term of this Franchise Agreement, you agree to hold yourself out to the public and to your employees as an independent contractor operating the DD Business under license from us, and you agree to disclose your status as independent contractor in all business dealings. You agree to post promptly and maintain any signs or notices specified by us or by Applicable Law indicating the status of the Parties as described above (the location and content of which we reserve the right to specify) prominently at the Franchised Location and on all promotional materials, invoices, email signature blocks, other communications, and stationery.

ARTICLE 17

INDEMNIFICATION

a. You agree to and will indemnify, defend and hold harmless the Indemnified Parties against and will reimburse us for all Claims against us directly or indirectly arising (i) out of your operation of your DD Business, including any acts or omissions, (ii) from your employees or Customers, (iii) from your breach of any Third Party Contract that results in our being named in the Claim, (iv) premises liability, vicarious liability, a Claim of accidental agency or co-employment, or the like, (v) breach of any Applicable Law, (vi) defamation of us or the System, (vii) your use or misuse of the Marks, the System, or the Proprietary Information, or (viii) from your performance or failure to perform under this Franchise Agreement or the operation of the Business.

b. Included in your indemnification obligations is the reimbursement to us, or direct payment by you of any award, damages including punitive, consequential, special, or similar damages, and costs

reasonably incurred in defense of any Claim against the Indemnified Parties, including reasonable accountants,' attorneys,' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

c. We have the absolute right to defend any Claim and have the right to have counsel of our choosing, the reasonable cost of which will be borne by you.

d. Your indemnification obligations will continue in full force and effect after and notwithstanding the Transfer, expiration, or termination of this Franchise Agreement and be subject only to any applicable limitation of actions statute.

e. **EXCEPT AS PROVIDED IN THIS ARTICLE 17, WE BOTH AGREE TO WAIVE THE RIGHT TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES IN ANY ACTION BROUGHT IN REFERENCE TO THE RELATIONSHIP BETWEEN US EVEN IF A PARTY IS INFORMED OF THE POSSIBILITY THAT SUCH DAMAGES EXIST OR MAY BE PLED.**

ARTICLE 18

RESTRICTIVE COVENANTS

18.1 In-Term Covenant Not to Compete

a. You and we share a common interest in avoiding situations where persons or companies who are, or have been franchisees within the System operate or otherwise become involved with a Competing Business either during or after the Transfer, expiration, or earlier termination of this Franchise Agreement. You and we want to protect our Proprietary Information, trade secrets, and similar information from misuse in a Competitive Business.

b. During the Term, you will refrain from owning, operating, leasing, franchising, conducting, engaging in, having any interest in, or acting as an employee, consultant, partner, officer, or equity holder of any Competitive Business wherever located except with our prior written consent which consent may be granted or withheld for any reason or no reason at all.

18.2 Post-Term Covenant Not to Compete

a. Upon a Transfer, expiration, or earlier termination of this Franchise Agreement, and for 24 full months after that, you will refrain from owning, operating, leasing, franchising, conducting, engaging in, having any interest in, or acting as an employee, consultant, partner, officer, or equity holder of any Competitive Business within your Protected Territory or the territory of another franchisee, an Affiliate or us, or within 10 miles of the perimeter of your Protected Territory or 10 miles of the perimeter of the territory of another franchisee, an Affiliate or us.

b. If the date of the Transfer, expiration or earlier termination is other than the first day of a month, then the 24 months of non-competition will increase by the number of days remaining in that month.

18.3 No Disclosure

You and the Franchisee Parties agree that during the Term or at any other time after the expiration or termination of this Franchise Agreement for any reason, each will refrain from making any unauthorized disclosure or use of the Marks, any component of the System, or any portion of the Proprietary Information.

18.4 No Diversion

During the Term of this Franchise Agreement, for 24 full months following a Transfer, the expiration, or termination of this Franchise Agreement, you will not directly or indirectly for yourself or through, on behalf of, or in conjunction with any Person:

- a. Divert or attempt to divert any business to a Competitive Business and within in the area described in Section 18.2.
- b. Directly or indirectly perform any other act injurious or prejudicial to the goodwill associated with the Marks, the System, or both, anywhere in the world.

18.5 Reasonable Restriction, Savings Clause, and Period of Non-Compliance

a. The covenants in this Article 18 are intended to be a reasonable restriction on you. You and we agree that the purpose of these restrictions is to protect the entire franchise System from unfair competition, and to protect the goodwill, time, and effort we spent to create the System and the Proprietary Information, and other franchisees and operators of DD Businesses. We would not have shared such information unless you agreed to be bound by this Article 18.

b. **You agree that you have skills of a general and specific nature and have other opportunities or will have other opportunities to use such skills and that the enforcement of these covenants will not unduly deprive you of the opportunity to earn a living.**

c. To ensure that the covenants found in this Article 18 are and will remain enforceable, every location of a DD Business, every month, each mile of distance, or any other restriction may be amended by an arbitrator to reduce any spatial, temporal, or other limitation considered to be overly broad in the most limited manner possible to fashion a reasonably enforceable covenant that upholds the restrictive nature of this Article 18 specifically and this Franchise Agreement generally.

d. The terms of the post-termination covenant not to compete will not apply to a case where you own 5% or less of a beneficial interest in the outstanding equity securities of any publicly-held corporation (as the Securities and Exchange Commission generally defines this term).

e. You expressly agree that the existence of any Claim you may have against us, whether or not arising from this Franchise Agreement, does not constitute a defense to our enforcement of the covenants of this Article 18. You further agree that we are entitled to set off any amounts owed to you against any loss or damage we sustained because you breached this Article 18.

18.6 We Are Entitled to Injunctive Relief

You acknowledge that any failure to comply with this Article 18 will cause irreparable injury for which no adequate remedy at law may be available. You agree and consent to the issuance by a court of competent jurisdiction of an injunction to prohibit your conduct. If permitted by law, you also waive any requirement for the posting of any bond. If the equitable relief has been granted, then you and we will immediately proceed under Article 16. If the equitable relief is denied, we will still have the right to seek redress under Article 16. The court will only have jurisdiction and the power to consider the equitable relief stated here.

18.7 Tolling of Time

If at any time during a period of non-competition, you fail to comply with your obligations under this Article 18, under Article 8, or under any other covenants that have survived a Transfer or the expiration or termination of this Franchise Agreement, the period of noncompliance will not be credited toward your satisfaction of the non-competition requirement. Instead, the counting of the non-competition period will be tolled until you are again in compliance.

18.8 Application and Survival

a. This Article 18 applies to all material participants in your DD Business's operations, including the Principal Operator, any equity holder, any Person that has a manager or higher position, any Guarantor, any Person that is a spouse or civil partner of you, the Principal Operator, an equity holder, and all others that take an active role in the operation of your DD Business that holds a manager or higher position.

b. The covenants of this Article 18 survive the Transfer, expiration, or earlier termination of this Franchise Agreement and will continue to apply to and bind the Persons subject to these terms.

ARTICLE 19

DISPUTE RESOLUTION

19.1 Governing Law

Subject to our rights under federal trademark laws, this Franchise Agreement and the relationship between the parties shall be governed by and will be construed exclusively in accordance with the procedural and substantive laws of the District of Columbia (without regard to its conflict of law principles). Nothing in this Section 19.1 is intended by the parties to subject this Franchise Agreement to any franchise, business opportunity, antitrust, consumer protection or similar law, rule or regulation of the District of Columbia to which this Franchise Agreement would not otherwise be subject. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

19.2 Submission to Mediation

Except as otherwise provided in Section 19.8 below, any controversy or claim arising between us will first be submitted to non-binding mediation administered by an established, neutral mediation service with experience in franchise disputes. Both parties must sign a confidentiality agreement before participating in any mediation proceeding. The mediation will take place in a city within 30 miles of where our principal offices are located at the time the demand for mediation is filed. Once either party has submitted a dispute to mediation, the obligation to attend will be binding on both parties. Each party will bear its own costs with respect to the mediation. The fee for the mediation, however, will be split equally.

19.3 Forum for Litigation

To the extent that any dispute cannot be resolved by mediation, you and we agree that all claims brought by you against us in any court, whether federal or state, shall be brought only within such state and in the judicial district in which we have our principal place of business at the time the action is commenced. We also have the right (in addition to filing in such federal or state courts in the jurisdiction where we have our principal place of business) to file any suit against you in the federal and state courts where you reside or where the DD Business is located. The parties waive all rights to challenge personal jurisdiction and venue for the purpose of carrying out this provision.

19.4 Mutual Waiver of Class Action

ANY LAWSUIT, CLAIM, COUNTERCLAIM, OR OTHER ACTION MUST BE CONDUCTED ONLY ON AN INDIVIDUAL BASIS, AND MUST NOT BE AS PART OF A CONSOLIDATED, COMMON, OR CLASS ACTION. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

19.5 WAIVER OF JURY TRIAL AND CERTAIN DAMAGES

a. **YOU AND WE AGREE TO WAIVE THE RIGHT TO A JURY TRIAL.**

b. **Each Party agrees that it has the right to seek damages in addition to the actual monetary loss that can be proven, including consequential, exemplary, and punitive damages. Being advised of the same, we each waive such damages that may be in addition to any actual monetary damages suffered even if either of us is informed that such damages may be available, except if you are required to indemnify us under Article 17 and if as a result of the action underlying the indemnification, such damages are awarded to the injured party, then you agree that indemnification will cover such damages.**

Initials of Franchisee

Initials of Franchisee

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19.6 Time Period to Bring Claims

Except as otherwise provided in this Section 19.6, and except for those claims brought under the indemnification (Article 17) or insurance coverage (Article 11) provisions, any and all Claims arising out of or relating to this Franchise Agreement, the relationship between you and us, or your operation of the DD Business brought by any party hereto against the other must be commenced before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged Claim; or (c) two (2) years after the first act or omission giving rise to an alleged Claim; or it is expressly acknowledged and agreed by all parties that such Claims shall be irrevocably barred. Claims attributable to your underreporting of sales, and claims of your failure to pay monies owed and/or to provide indemnification, shall be subject only to the applicable state or federal statute of limitations. As used in this Section 19.6, "Claim" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

19.7 Remedies Not Exclusive

Except as provided in Sections 19.2 through 19.5 above, no right or remedy that the parties have under this Franchise Agreement is exclusive of any other right or remedy under this Franchise Agreement or under applicable law.

19.8 Our Right to Injunctive Relief

Nothing in this Franchise Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Franchise Agreement that will cause us harm. You agree that we will not be required to prove actual damages or post a bond or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance.

19.9 Attorneys' Fees and Costs

You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees, costs, and expenses, and interest on such fees, costs, and expenses): (a) to enforce the terms of this Franchise Agreement or any obligation owed to us by you and/or the Owners; (b) in connection with claims that we bring relating to the offering of this Franchise Agreement or the franchise relationship; and (c) in the defense of any claim you and/or the Owners assert against us upon which we substantially prevail in court, arbitration, or other formal legal proceedings. For the purposes of this Section 19.9, the word "enforce" includes, but is not limited to, the execution, administration, collection, enforcement, protection, and/or waiver of the terms of this Franchise Agreement.

19.10 Survival

You acknowledge and agree that this Article 19 shall survive the termination or expiration of this Franchise Agreement.

ARTICLE 20

ADDITIONAL PROVISIONS

20.1 Entire Agreement – Merger

a. This Franchise Agreement, including all exhibits and addenda, contains the entire agreement between the Parties regarding your DD Business and supersedes all prior oral, written, express, or implied agreements concerning your DD Business. All prior oral and written negotiations, understandings, agreements, and representations are merged into this Franchise Agreement.

b. Unless stated in Item 19 of the FDD, we do not authorize any representation of any nature other than those expressed in this Franchise Agreement.

c. Nothing in this Franchise Agreement or in any related agreement you sign with us is intended to disclaim any representations in the FDD.

20.2 Modification and Powers of Attorney

a. This Franchise Agreement may only be modified in a written agreement signed by all Parties.

b. You acknowledge that we may modify by an amendment to the Operations Manuals or by written notice to you, our standards, specifications, and operating and marketing procedures, including those outlined in the Operations Manuals, any component of the System, the Marks, and any copyrighted or Proprietary Information, unilaterally, under any conditions and to the extent to which we, in our sole discretion, deem necessary to protect, promote or improve the Marks and the quality of the System in general. Once you are notified, you must make the change that is specified. All such changes will be effective when you receive notice. We may also add and remove vendors at any time.

c. If you grant us a power of attorney under this Franchise Agreement and to the extent that a specific form is required in your state to ensure enforceability, you agree to execute a separate power of attorney in the form required to meet all legal requirements.

20.3 Delegation

From time to time, we have the right to and will delegate the performance of any portion or all of our obligations and duties hereunder to a third party who we approve to deliver such services and perform such duties, whether the same are agents of ours or independent contractors which we have contracted with to provide such services. You agree in advance to any such delegation by us of any portion or all of its obligations and duties hereunder.

20.4 Review of Agreement

You acknowledge that you had a copy of the FDD in your possession for not less than 14 calendar days before the Effective Date, during which time you had the opportunity to submit the same for professional review and advice by Persons of your choosing.

20.5 No Waiver

A waiver by a Party of any condition or covenant contained in this Franchise Agreement is not a waiver in the future of the enforcement of such covenant or condition, and the failure of a Party to exercise a right or remedy will not be considered or constitute a further waiver of the same or any other condition, covenant, right, or remedy.

20.6 No Right to Set Off or Third-Party Beneficiaries

a. You must not set off against amounts owed to us against any amount owed to you, and in any event, you will not withhold such amounts due to us because of any alleged nonperformance by us, which right of set-off you expressly waive.

b. Unless otherwise stated in this Franchise Agreement, all of our obligations under this Franchise Agreement are solely and exclusively for your benefit, and no other Person is entitled to rely on, enforce, benefit from, be deemed to be a third party beneficiary, or otherwise obtain relief either directly or by subrogation.

20.7 Invalidity

If any provision of this Franchise Agreement is held invalid by an arbitrator or court of competent jurisdiction, such provision will be modified to the least extent possible to eliminate the invalid element, and, as so modified, the provision will be part of this Franchise Agreement as though originally included. The remaining provisions of this Franchise Agreement will not be affected by such modification. If any

provision cannot be modified, it will be stricken, and the rest of the Franchise Agreement will remain in full force and effect.

20.8 Notices

a. All notices required under this Franchise Agreement, including notices related to any breach of this Franchise Agreement (including those under Articles 6, 10, and 15) and all notices concerning the implementation of the alternative dispute resolution procedures, must be given in writing and must be delivered by certified mail, return receipt requested, or by a recognized overnight delivery service providing documentation of receipt (e.g., FedEx or UPS), at the notice address each Party has designated in Exhibit 1. Such notice shall be effective five days after being sent by certified mail with the proper postage and address, or when receipted for (or when refused) if sent by overnight or hand delivery.

b. Communication other than relating to any breach of this Franchise Agreement or the implementation of alternative dispute resolution may be given by email (which is effective when sent to the other Party at the correct email address) or by the means stated in Section.

20.9 Survival of Provisions and Independent Covenants

a. Any term, covenant, or condition of this Franchise Agreement that by its terms must extend beyond a Transfer or the termination or expiration of this Franchise Agreement to remain enforceable will continue in full force and effect after and notwithstanding a Transfer or the termination or expiration of this Franchise Agreement.

b. The Parties agree that each covenant herein will be construed to be independent of any other covenant or provision of this Franchise Agreement.

20.10 Force Majeure

Except for a Party's monetary obligations, which are due regardless of the language of this Section, or unless otherwise specifically stated in this Franchise Agreement, Force Majeure applies.

20.11 Time is of the Essence and Construction

a. In all matters concerning this Franchise Agreement, time is of the essence.

b. The headings are for the reader's convenience only and are not intended to be inclusive or exclusive of any term, covenant, or condition.

c. In reading this Franchise Agreement, the singular includes the plural, and the reference to one gender includes the reference to the other gender and the neutral gender.

d. The word **"including"** means **"including, without limitation,"** or **"including, but not limited to,"** or similar phrasing so that the greatest coverage or inclusion is included in the statement. The word **"and"** and **"or"** will be inclusive where necessary to mean **"and/or."**

e. Unless otherwise stated, a reference to **"days"** means calendar days. The counting of days will include weekends and all state and national holidays. If a notice is to be delivered and such notice requires the counting of days, such counting will begin on the first calendar day following the day that the notice was received, refused, or deemed to have been delivered according to the terms of this Franchise Agreement.

f. This Franchise Agreement has been reviewed by the Parties and, to fairly accomplish the purposes and intentions of the Parties, will be construed and interpreted according to the ordinary meaning of the words used. The Parties intend that if any provision of this Franchise Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

20.12 Guaranty

If you take ownership of the franchise other than as a natural person during a Term or if you add another owner to your sole proprietorship, you and all equity owners will be required to sign the Guaranty attached as Exhibit 3. The Guarantors will be bound by all covenants of this Franchise Agreement, including all covenants in Articles 6 and 15.

20.13 Acknowledgement

BEFORE SIGNING THIS FRANCHISE AGREEMENT, YOU SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL. YOU ACKNOWLEDGE THAT:

a. **THE SUCCESS OF YOUR DD BUSINESS INVOLVES SUBSTANTIAL RISKS AND DEPENDS IN LARGE PART UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON AND YOUR ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF YOUR DD BUSINESS.**

b. **YOU UNDERSTAND THAT THE CREATION AND OPERATION OF A NEW BUSINESS INVOLVE MANY RISKS, WHICH MEANS THAT IF YOU ARE NEVER ABLE TO OPERATE THE BUSINESS PROFITABLY, YOU COULD LOSE PART OR ALL OF YOUR INVESTMENT, PLUS ANY ADDITIONAL FUNDS THAT YOU CONTRIBUTE TO THE BUSINESS.**

c. **NO EXPRESS OR IMPLIED ASSURANCE OR WARRANTY HAS BEEN GIVEN AS TO THE POTENTIAL SUCCESS OF THIS BUSINESS VENTURE OR THE EARNINGS LIKELY TO BE ACHIEVED.**

20.14 Recitals, State Specific Amendment and Signatures

a. The Recitals are made part of this Franchise Agreement.

b. In some cases, the state in which you are located requires that this Franchise Agreement be amended. Please see Exhibit F to the Disclosure Document to learn if there is an amendment that affects your state.

c. This Franchise Agreement may be signed in any number of counterparts, all of which, when taken together, form one original document. Signatures may be done electronically or manually. Facsimile or electronically signed and delivered documents are as effective as an original.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Franchise Agreement on the day and year first above written.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By:_____

By:_____

Its:_____

Its:_____

Date:_____

Date:_____

(the “Effective Date”)

EXHIBIT 1
IFF AND STATEMENT OF OWNERSHIP

IFF AND STATEMENT OF OWNERSHIP

1. Initial Franchise Fee: \$ _____

2. Statement of Ownership:

Franchisee: _____

Trade Name (if different from above): _____

Form of Ownership (check one):

_____ Individual _____ Partnership _____ Corporation _____ Limited liability company

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

If you are a limited liability company, provide below the name and address of each equity interest holder, Member, and Manager, showing the percentage owned and indicating the state in which the limited liability company was formed.

If you are a corporation, state the state and date of incorporation, provide each officer and director's names and addresses below, and list every shareholder's name and address, showing what percentage of stock each owns.

Franchisee acknowledges that this Statement of Ownership applies to the DD Business authorized under this Franchise Agreement.

Use additional sheets if necessary. Any changes to the above information must be reported to the Franchisor in writing.

3. Notice Addresses (see Section 20.8):

FRANCHISOR:

DD Franchise LLC
1310 T Street, N.W., Unit #1
Washington, D.C. 20009
Attention: Steve Gaudio or Jacob Hensley

FRANCHISEE:

[Entity Name] _____
[Address] _____
[Address] _____
[City, State, ZIP Code] _____
Attention: _____

With a copy to (but shall not be effective notice):

Lathrop GPM LLP
Attention: Mark A. Kirsch, Esq.
600 New Hampshire Ave NW,
The Watergate, Suite 700
Washington, D.C. 20037
Telephone: (202) 295-2229
Mark.Kirsch@lathropgpm.com
Fax: (202) 295-2279

[SIGNATURE PAGE FOLLOWS]

FRANCHISOR:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

EXHIBIT 2
FRANCHISED LOCATION AND PROTECTED TERRITORY

The Franchised Location is: _____

The Protected Territory is: _____

(See attached map)

EXHIBIT 3
GUARANTY

GUARANTY OF FRANCHISEE'S OBLIGATIONS

This Guaranty Of Franchisee's Obligations ("**Guaranty**") is entered into as of the date that one or more of the Guarantors sign it ("**Effective Date**") between DD Franchise LLC ("**Franchisor**"), _____ ("**Franchisee**"), and _____ and _____ (herein jointly and severally known as "**Guarantors**"). Franchisor, Franchisee, and Guarantors may be referred to as a "**Party**" or jointly as the "**Parties**." Any capitalized term not defined here will have the meaning given in the Franchise Agreement.

RECITALS

Franchisee signed a DD Franchise LLC Franchise Agreement with Franchisor on the ____ day of _____, 20__ ("**Franchise Agreement**"). As an inducement to Franchisor to grant franchise rights to Franchisee, Guarantors agreed to guarantee Franchisee's performance under the Franchise Agreement.

NOW, THEREFORE, for and in consideration of Guarantors agreeing to the terms of this Guaranty to induce Franchisor to grant Franchisee the rights under the Franchise Agreement, the mutual covenants found herein, and for other good and valuable consideration, which consideration is deemed to be adequate by all parties, each of the undersigned personally and unconditionally agrees to the following:

1. Guarantors guarantee for the term of the Franchise Agreement, including any amendments or renewals, that Franchisee will timely pay any amount required by the Franchise Agreement and will perform every undertaking, agreement, and covenant outlined in the Franchise Agreement and any addenda or exhibits as each may be amended or renewed.
2. Guarantors agree to be personally bound by every term of the Franchise Agreement, as amended or renewed, and agree to be personally liable for the breach of and cure of every breach of any term, covenant, or condition of the Franchise Agreement. Guarantors agree that this Guaranty is one of payment and performance, not just collection.
3. By signing this Guaranty, Guarantors agree that each will also be subject to all covenants in the Franchise Agreement, including all covenants of Articles 6, 14, 15, and 16 and those that by their terms survive the Transfer, expiration, or termination of the Franchise Agreement.
4. As part of the consideration given to Franchisor by Guarantors to allow Franchisee to enter into the Franchise Agreement, Guarantors further agree to waive the following:
 - a. Acceptance and notice of acceptance of the preceding undertaking;
 - b. Notice of demand for payment of any indebtedness or notice of any nonperformance of any obligations;
 - c. Protest and notice of default concerning the indebtedness or nonperformance of any obligations guaranteed;
 - d. Any right Guarantors may have to require that any action be first brought against Franchisee or any other person or entity as a condition of liability; and
 - e. Any other notices and legal or equitable defenses to which Guarantors may be entitled.

5. Guarantors further consent and agree that:
- a. Guarantors are directly and immediately liable under this Guaranty, and if signed by more than one person or entity, such liability is joint and several;
 - b. Guarantors will render any payment or performance required under the Franchise Agreement upon demand of Franchisor if Franchisee fails or refuses punctually to do so;
 - c. Guarantors' performance is not contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person or entity;
 - d. Guarantors' liability is not diminished, relieved, or otherwise affected by an extension of time, credit, or another indulgence, including the acceptance of any partial payment or performance or the compromise or release of any claims which Franchisor may from time to time grant to Franchisee or any other person or entity, none of which will in any way modify or amend this Guaranty;
 - e. This Guaranty will be continuing and irrevocable during the term of the Franchise Agreement, including renewals thereof; and
 - g. Franchisor's rights under this Guaranty will not be exhausted by any Franchisor action until all of the terms, covenants, and conditions of the Franchise Agreement have been met.
6. Guarantors waive all of the following, whether created or imposed by or under a statute, common law, or otherwise:
- a. Any right to require Franchisor to proceed against Franchisee, any other person or entity, or any security now or hereafter held by Franchisor or to pursue any other remedy whatsoever;
 - b. Any defense based upon any legal disability of Franchisee or any Guarantor, or any discharge or limitation of the liability of Franchisee or any Guarantor to Franchisor, or any restraint or stay applicable to actions against Franchisee or any other Guarantor, whether such disability, discharge, limitation, restraint, or stay is consensual, by order of a court or other governmental authority, arising by operation of law or any liquidation, reorganization, receivership, bankruptcy, insolvency, or debtor-relief proceeding, or from any other cause;
 - c. All setoffs, counterclaims, presentment, demand, protest, or notice of any kind, except for any notice which may be expressly required by the provisions of this Guaranty;
 - d. Any defense based upon the modification, renewal, extension, or other alteration of the obligations under the Franchise Agreement;
 - e. Any defense based upon the negligence of Franchisor, including the failure to file a claim in any bankruptcy of Franchisee or any Guarantor;
 - f. All rights of subrogation, reimbursement, and indemnity;
 - g. Any defense based upon or related to Guarantors' lack of knowledge as to Franchisee's financial condition;
 - h. Any rights to revoke this Guaranty in whole or in part;

i. Any defense based upon any action taken or omitted by Franchisor in any bankruptcy or other insolvency proceeding involving Franchisee; and

j. All rights and defenses arising from an election of Franchisor's remedies, even though that election of remedies impairs or destroys Guarantors' right of subrogation and reimbursement against Franchisee.

7. Guarantors agree to pay upon Franchisor's demand, Franchisor's reasonable out-of-pocket costs and expenses, including attorneys' fees, costs, and disbursements, incurred to collect or enforce any of the terms, covenants, or conditions of the Franchise Agreement or this Guaranty regardless whether any lawsuit is filed.

8. Guarantors individually make the following representations and warranties, which are deemed to be continuing representations and warranties until payment and performance in full of the Franchise Agreement:

a. Guarantor has all the requisite power and authority to execute, deliver, and be legally bound by this Guaranty on the terms and conditions herein stated;

b. This Guaranty constitutes the legal, valid, and binding obligations of Guarantor and is enforceable against Guarantor;

c. The execution and delivery of this Guaranty will not, with or without notice or lapse of time (i) constitute a breach of any of the terms and provisions of any oral or written note, contract, document, agreement, or undertaking to which Guarantor is a party or to which Guarantor's property is subject, (ii) accelerate or constitute an event entitling the holder of any indebtedness of Guarantor to accelerate the maturity of any such indebtedness, (iii) conflict with or result in a breach of any writ, order, injunction, or decree against Guarantor of any court, governmental agency, or instrumentality or (iv) conflict with or be prohibited by any federal, state, local or other governmental law, statute, rule, or regulation;

d. No consent of any other person is required in connection with the valid execution, delivery, or performance by Guarantor of this Guaranty; and

e. This Guaranty and any other statement furnished by Guarantor contain no untrue statements of a material fact or omissions of a material fact necessary to make the statements true and not misleading.

9. Each Guarantor understands and agrees that each is bound by the dispute resolution covenants of the Franchise Agreement found in Article 16, which are incorporated herein by this reference as if fully set forth here.

10. The Recitals are incorporated herein by this reference.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the Effective Date.

GUARANTOR(S):

Date: _____

Printed
Name: _____

Home
Address: _____

Date: _____

Printed
Name: _____

Home
Address: _____

Date: _____

Printed
Name: _____

Home
Address: _____

EXHIBIT 4
COLLATERAL ASSIGNMENT OF LEASE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

This Collateral Assignment Of Lease (“**Assignment**”) is made this ____ day of ____, 20__, by and between DD Franchise LLC (“**Franchisor**”), _____ (“**Franchisee**”), and _____ (“**Landlord**”) regarding the _____, LLC franchised business (“**DD Business**”) located at _____ (“**Franchised Location**”).

RECITALS

Franchisor and Franchisee executed a DD Franchise LLC Franchise Agreement on _____, 20__ under the terms of which Franchisee obtained a franchise from Franchisor to operate the DD Business at the Franchised Location. Franchisee and Landlord entered into a lease (“**Lease**”) on _____, 20__, a fully executed copy of which is attached hereto as Exhibit A. The parties desire to enter into this Assignment to define the rights of the Franchisor to the Franchised Location and agree as follows:

NOW, THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee assigns, transfers, and conveys to Franchisor all of Franchisee’s right, title, and interest in the Lease. However, this Assignment is for collateral purposes and is effective only upon the Franchisor’s exercise of any option granted to the Franchisor under this Assignment after the occurrence of any of the following events:

a. If Franchisee is in breach of their performance of any of the terms of the Lease unless such default is cured within the period required in the Lease or within 30 days following the written demand given Franchisor, whichever is later;

b. If Franchisee is in breach of their performance of any of the terms of the Franchise Agreement or upon the occurrence of any acts that result in termination of the Franchise Agreement;

c. If Franchisee has failed or has elected not to exercise an option to renew or extend the Lease within the time specified in the Lease after being directed in writing by Franchisor to do so.

d. Upon Franchisee’s sale of a substantial portion of its assets of the DD Business outside of the normal course of business, the transfer or sale of 20% or more of the capital stock, memberships, or other equity or capital interest in any Franchisee business entity, or any other voluntary or involuntary transfer, sale, or disposition the result of which is to divest Franchisee of direction or control over the franchise; or,

e. If Franchisee fails to exercise an option to renew the Franchise Agreement.

2. Upon the occurrence of any of the events stated above, and if Franchisee fails to perform such acts as may be necessary to assign the Lease to Franchisor, Franchisee irrevocably appoints Franchisor as its true and lawful attorney-in-fact coupled with an interest in exercising such extension or renewal options in the name, place, and stead of Franchisee for the sole purpose of effecting such assignment so that Franchisor can cure Franchisee’s failure to perform under Section 1 above.

3. Franchisor has no liability or obligation of any kind whatsoever arising in connection with this Assignment or the Lease unless Franchisor takes possession of the Franchised Location under the terms hereof and expressly agrees in writing to assume the obligations of Franchisee.

4. Landlord consents to this Assignment which consent will remain in effect during the entire term of the Lease and all renewals or extensions thereof, and agrees that the Lease will not be amended, modified, assigned, extended, surrendered, terminated, or renewed, nor will the Franchised Location be sublet by Franchisee, without the prior written consent of Franchisor.

5. Landlord agrees that it will provide written notice to Franchisor (at the same time it gives such notice to Franchisee) of any default by Franchisee under the Lease. Such notice must be delivered to Franchisor and grant an additional 15 days after the cure period under the Lease has run within which to cure. At Franchisor's sole option, upon the curing of such default, Franchisor will have the right to enter the Franchised Location and assume Franchisee's rights under the Lease.

6. At any time during (i) the cure period described in the Lease, (ii) any cure period provided for in the Franchise Agreement, (iii) the 30 calendar day period following the termination of the Lease by the Landlord or termination of the Franchise Agreement by Franchisor, (iv) or during the 30 calendar day period following Franchisee's failure to extend or renew the Lease or Franchise Agreement, Franchisor may exercise the option granted herein by the delivery to Landlord of written notice expressly stating that Franchisor will assume the Lease. Such notice makes this Assignment unconditional, and Landlord and Franchisor will prepare such commercially reasonable documentation evidencing such assignment.

7. With the prior written consent of the Landlord (which consent will not be unreasonably withheld, conditioned, or delayed), the Franchisor has the right concurrently with or after the Franchisor's exercise of the option granted under this Assignment to assign and transfer its rights under this Assignment to a new franchisee selected by Franchisor to operate the DD Business, provided that the new franchisee has the business acumen, credit rating, and net worth adequate for the operation of the DD Business. In such an event, the new franchisee will have this Assignment transferred to such franchisee (or will receive a separate assignment from the Landlord) and assume the Lease obligations in place of Franchisor. Further, in this event, Franchisor will be released from liability under the Lease from and after the date such new franchisee assumes the Lease.

8. Upon the exercise of the option granted to Franchisor herein, Franchisee will no longer be entitled to the use or occupancy of the Franchised Location, all of Franchisee's prior rights in and to the Lease will have been, in all respects, assigned to Franchisor or its assignee, and Franchisee will immediately vacate the Franchised Location. If Franchisee fails or refuses to take any of these actions, Franchisor, by and through Landlord and at Franchisor's expense, may expel Franchisee from the Franchised Location and enter the Franchised Location to take possession of the Franchised Location, all without being deemed to have elected any remedies to the exclusion of any other remedies.

9. Franchisee agrees to indemnify and hold Landlord and Franchisor harmless from and against all direct and indirect losses, costs, expenses (including attorneys' fees), damages, claims, and liabilities however caused, arising from, or concerning the exercise by Franchisor or Landlord of the rights and remedies granted under this Assignment.

10. Additional Provisions

a. The remedies granted in this Assignment are cumulative, and in addition to and not in substitution of any or all other remedies available under the Franchise Agreement, any other contracts between Franchisor and Franchisee, or at law or in equity to Franchisor, and Franchisee agrees that the Franchisor's exercise of the option granted herein will not divest it of any other rights or remedies it may have.

b. All notices, requests, demands, payments, consents, and other communications hereunder will be transmitted in writing and will be deemed to have been duly given three days after being sent by registered or certified United States mail, postage prepaid, to addresses supplied by each party from time to time; on the day that hand delivery has been made, or on the day that a nationally recognized overnight delivery service delivers such notice. Any party may change its address by giving the other parties written notice of the same.

c. Franchisee and Landlord recognize the unique value and secondary meaning attached to Franchisor's trademark, trade names, service marks, insignia, and logo designs, and the Franchised Location displaying same, and agrees that any non-compliance with the terms of this Assignment will cause irreparable damage to Franchisor and its franchisees. Therefore, Franchisee and Landlord agree that in the event of any non-compliance with the terms of this Assignment, Franchisor will be entitled to seek injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

d. The parties to this Assignment agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Assignment.

e. This Assignment is binding upon and inures to the benefit of each party and their heirs, successors, and assigns.

f. This Assignment represents the entire understanding between the parties as to the subject matter herein and supersedes all other oral or written negotiations, agreements, representations, and covenants. This Assignment can be modified only in writing, signed, and dated by all parties.

g. Failure by any party to enforce any rights, duties, or obligations under this Assignment will not be construed as a waiver to enforce any right, duty, or obligation in the future. Any waiver, including waiver of default, in any one instance, will not constitute a continuing waiver or a waiver in any other instance.

h. As used herein, a reference to one gender will include the other or the neuter gender, the singular will include the plural, and the plural, the singular.

i. If any party commences an action against any other party arising out of or in connection with this Assignment, the prevailing party will be awarded its reasonable attorneys' fees and costs of the suit. For this Assignment, the prevailing party is the party that has prevailed on a majority of the material issues brought before the court.

j. This Assignment (but not the Franchise Agreement) will be governed by and construed following the internal laws of the state where the real property is located.

k. Any provision of this Assignment that is determined to be prohibited or unenforceable may, as to that jurisdiction only, be stricken without invalidating the remaining provisions of this Assignment. Any prohibition against or unenforceability of any provisions of this Assignment in any jurisdiction, including the state whose laws govern this Assignment, will not invalidate the provision or render it unenforceable in any other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Assignment on the day and year first above written.

FRANCHISOR:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

LANDLORD:

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

EXHIBIT 1

LEASE

EXHIBIT 5
COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION

This COLLATERAL ASSIGNMENT OF CONTACT AND ELECTRONIC INFORMATION (“**Assignment**”) is made as of the date that this Assignment is signed by all Parties (“**Effective Date**”) between DD Franchise LLC (“**Franchisor**”) and _____ (“**Franchisee**”). Franchisor and Franchisee may be referred to as a “**Party**” or as the “**Parties**.”

RECITALS

The Parties executed a DD Franchise LLC Franchise Agreement (“**Franchise Agreement**”) on _____, 20__, in which Franchisee agreed that upon the transfer, expiration, or earlier termination of the Franchise Agreement, Franchisor will have the right, title, and interest in and to all contact and electronic information relating to Franchisee’s DD Business.

NOW, THEREFORE, for and in consideration of the covenants found in the Franchise Agreement and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee acknowledges that as between Franchisor, Franchisee, the public, and any other person or entity, Franchisor has the sole rights to and interest in all telephone, telecopy or facsimile machine numbers, directory listings, URLs, web page identifiers, blogs, vlogs, email addresses, and social network addresses (including Twitter® and Meta™), that are associated with any Mark or the Franchisee and Franchisee specifically assigns to Franchisor all of Franchisee’s right, title, and interest to the same.

2. To the extent necessary to enforce this Assignment, Franchisee appoints Franchisor and any of its officers as Franchisee’s attorney-in-fact (coupled with an interest) to direct the telephone company, all telephone directory publishers, any electronic transfer agency, any URL or webpage host, and any other electronic business, company, transfer agent, host, webmaster, and the like to transfer to Franchisor all telephone, facsimile machine numbers, and directory listings, and all electronic listings, web pages, social network pages or identities (including Twitter® and Meta™), URLs, blogs, vlogs, email addresses, and the like that are owned by Franchisee or that relate to Franchisee’s franchised business, and any party named herein may accept such direction under this Assignment as conclusive of Franchisor’s exclusive rights in and to such information, site, URL, electronic media, telephone numbers, directory listings, and the like and Franchisor’s authority to direct their transfer. To the extent that any person or entity identified above (or the law of the state in which such person or entity is located) requires special language to enforce the Franchisor’s rights as the attorney-in-fact or requires a special form, Franchisee will execute such additional form or will add such language to this Assignment.

3. This Assignment is only effective when the Franchise Agreement expires, is terminated, or when Franchisee has transferred any interest and then only if Franchisee fails or refuses to make the necessary assignments as contemplated by this Assignment.

4. The Recitals are incorporated into this Assignment by this reference.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Assignment on the Effective Date.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By:_____

By:_____

Its:_____

Its:_____

Date:_____

Date:_____

EXHIBIT 6
GENERAL RELEASE

GENERAL RELEASE

This General Release (“**Release**”) is made on the date that it is signed by the Parties (“**Effective Date**”) between DD Franchise LLC (“**Franchisor**”) and _____ (“**Franchisee**”), and _____ and _____ (jointly and severally, the “**Guarantors**”). Franchisor, Franchisee, and Guarantors may sometimes be referred to as a “**Party**” or jointly as the “**Parties**.” Any capitalized term not defined here will have the meaning given it in the Franchise Agreement.

RECITALS

Franchisor and Franchisee entered into that certain DD Franchise LLC Franchise Agreement dated _____ (“**Franchise Agreement**”) for which Guarantors have agreed to guarantee the performance of Franchisee under the Franchise Agreement.

Franchisee desires to take some action (or make some amendment) to the Franchise Agreement, or desires for Franchisor to take any action for which a general release is called for in the Franchise Agreement or is required by Franchisor as part of such action and as a material inducement to Franchisor approving the same, Franchisee and Guarantors have each agreed to provide this Release;

NOW, THEREFORE, for and in consideration of the mutual covenants found herein, for that consideration stated below, and for other good and valuable consideration, the adequacy of which is admitted by all parties hereto, it is agreed as follows:

1. Franchisee, for and on behalf of itself, its officers, directors, shareholders, and employees, and on behalf of any parent corporation or subsidiary, business entity, successor, assignee, and their officers, directors, shareholders, and employees (“**Franchisee Parties**”) and Guarantors for themselves and for and on behalf of their family members and for and in consideration of Franchisor granting to Franchisee the right to do the following: _____, and for other good and valuable consideration, all of which is deemed adequate by all Parties hereto, do each (personally, jointly, and severally) from the beginning of time to the Effective Date release, indemnify, and forever forgive and discharge Franchisor and Franchisor’s officers, directors, shareholders, agents, and employees (“**Franchisor Parties**”), from any and all equitable or legal claims, claims sounding in federal law or state statute, causes of action, complaints, direct, indirect, punitive, or consequential damages, judgments, business losses, awards, injury, or any other right or action that relate in any way to (i) the manner and method by which Franchisor delivered Franchisor’s franchise disclosure document to Franchisee and Guarantors, (ii) the content or lack of content of the franchise disclosure document (as such content may have been required by any applicable state or federal law), (iii) the performance or failure of performance of Franchisor or Franchisor Parties in reference to any required federal or state disclosure obligations, (iv) any oral, written, express, or implied promises, statements, disclosures, and the like relating in any way to the Franchise Agreement or the franchise relationship between Franchisor and Franchisor Parties, Franchisee, Guarantors, and Franchisee Parties, (v) the performance or the failure to perform of Franchisor or any Franchisor Party under the Franchise Agreement, (vi) the performance or failure to perform of Franchisor or any Franchisor Party under any other oral, written, express, or implied agreement, covenant, or document whether or not found in the Franchise Agreement, and (vii) any other claim sounding in equity or law. Notwithstanding the preceding, nothing in this Release is intended to disclaim any representations made in the franchise disclosure document.

2. Franchisee for itself and on behalf of Franchisee Parties and Guarantors each agree and expressly state that this Release was made in contemplation of not only known claims and the consequences thereof but also in contemplation of the possibility that each such Party identified in this paragraph may or

will sustain future damages presently unknown to them and which accrued on or before the Effective Date but which were not asserted before the Effective Date. By executing this Release, Franchisee for itself and on behalf of Franchisee Parties and Guarantors intend to release Franchisor and Franchisor Parties jointly and severally from liability for all known, unknown, and unforeseen claims, losses, expenses, damages, costs, liabilities, business losses, and the consequences thereof.

3. Franchisee for itself and on behalf of Franchisee Parties and Guarantors each assume all risk that the facts and law may be, or may become, different from the facts and law as known to them or believed to be known by them as of the Effective Date and each agrees that if the execution of this Release was made based on mistake (mutual or unilateral) that each will forever waive any right to claim that entering into this Release resulted from a mistake of any kind, thereby waiving all claims based upon the doctrine of mistake.

4. Franchisee for itself and on behalf of Franchisee Parties and Guarantors deliver this Release with the intent that Franchisor relies on it. Should any condition, covenant, or clause herein be considered to be unenforceable, the arbitrator under the Franchise Agreement will be permitted to amend the Release to the least extent possible to form an enforceable covenant, or if such amendment cannot be fashioned then to excise the offending clause, covenant, or condition to form an enforceable Release, which will be binding upon the Parties to the fullest extent permissible.

5. Notwithstanding the terms of this Release, nothing herein relieves any Party of the obligation to maintain the confidentiality of Franchisor's proprietary information or any component of Franchisor's franchise system. The terms of this Release are and will remain confidential and will not be disclosed by any Party except as required by legal process, except as required to be disclosed in Franchisor's franchise disclosure document.

6. In the event of a dispute concerning this Release, the Parties agree that the alternative dispute resolution provisions of the Franchise Agreement found in Article 16 are incorporated herein by this reference as if fully set forth here.

7. If any mandatory provisions of the governing state law limit or prohibit the use of this Release, or which in any manner impose different rights or obligations as are found herein, then such mandatory provisions of state law will be deemed incorporated in the Franchise Agreement and this Release by reference and will prevail over any inconsistent terms in this Release. If no such law exists, or if such law exists but permits Franchisee to agree to abide by the terms of this Release, or if by accepting the alternative dispute resolution covenants of the Franchise Agreement found at Article 16, the state law is preempted by the federal law applicable to such dispute resolution, then Franchisee, Franchisee Parties, and Guarantors each agree to abide by the terms of this Release. Notwithstanding the preceding, excluded from this Release are claims arising from representations in Franchisor's franchise disclosure document.

8. Notwithstanding anything herein to the contrary:

a. Release of Unknown Claims and Waiver of California Law. Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of this Release, such as Section 1542 of the Civil Code of the State of California which provides that:

"A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release which, if known by them, must have materially affected their settlement with the debtor."

Franchisee, Franchisee Parties, and Guarantors waive and relinquish every right or benefit which they have, or may have, under Section 1542 of the Civil Code of the State of California and any similar provisions of any other law (as may apply to this Release), to the fullest extent that Franchisee, Franchisee Parties, and Guarantors, may lawfully waive such right or benefit. In connection with such waiver and relinquishment, and concerning any released claims, Franchisee, Franchisee Parties, and Guarantors each acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that they now know or believe to be true concerning the subject matter of this Release, but that it is Franchisee's, Franchisee Parties,' and Guarantors' intention to settle and release fully, finally and forever, all claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or existed in the past, and in furtherance of such intention, the Release given herein will be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all released claims. Franchisee, Franchisee Parties, and Guarantors agree to indemnify and defend Franchisor and Franchisor Parties from all claims directory or indirectly arising out of the assertion by Franchisee, each Franchisee Party, and each Guarantor (or any person or entity by, through, or on their behalf) of any released claims, positions, defenses, or arguments contrary to this Section 8.a.

b. Release of Unknown Claims and Waiver of South Dakota Law. Franchisee, Franchisee Parties, and Guarantors each acknowledge that each is aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release concerning claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in their favor at the time of executing the release, which, if known by them, must have materially affected their settlement with the debtor.”

Franchisee, Franchisee Parties, and Guarantors waive and relinquish every right or benefit which they have or may have under South Dakota Codified Laws § 20-7-11 and any similar provisions of any other law as may apply to this Release to the fullest extent that they may lawfully waive such right or benefit about the subject matter of this Release. In connection with such waiver and relinquishment, with respect to any released claims, Franchisee, Franchisee Parties, and Guarantors acknowledge that they are aware and informed that they may hereafter discover facts in addition to or different from those that Franchisee, Franchisee Parties, or Guarantors now know or believe to be true with respect to the subject matter of this Release, but that it is their intention to settle and release fully, and finally and forever, all released claims, disputes, and differences, known or unknown, suspected or unsuspected, which now exist, may exist or existed in the past, and in furtherance of such intention, the release given herein will be and remain in effect as a complete release, notwithstanding the discovery or existence of any such additional or different facts that would have affected the release of all released claims. Franchisee, Franchisee Parties, and Guarantors agree to defend and indemnify Franchisor and Franchisor Parties from all released claims directly or indirectly arising out of the assertion by Franchisee, Franchisee Parties, and Guarantors (or any person or entity by, through, or on their behalf) of any released claims, positions, defenses, or arguments contrary to this Section 8.b.

9. Additional Provisions

a. Each Party represents that the execution and delivery of this Release is the duly authorized and binding act of such a Party.

b. The Recitals are incorporated herein by this reference.

c. This Release will be interpreted under the laws of the District of Columbia without regard to any conflict of laws provision to the contrary. Enforcement of this Release will be conducted under the alternative dispute resolution provisions of the Franchise Agreement (currently found at Article 16) as though such Article 16 was incorporated in its entirety here.

d. Each Party will fully cooperate with all other Parties concerning the performance of this Release. Each Party will execute, acknowledge and deliver such further documents that may reasonably be required to perform this Release effectively and evidence the release of all obligations and liabilities of the Parties as more fully stated herein.

e. This Release may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which together will constitute the same instrument, without the necessity of production of the others. An executed signature page delivered via facsimile transmission or electronic signature will be deemed as effective as an original executed signature page.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release on the Effective Date.

FRANCHISOR:

DD FRANCHISE LLC

By: _____
Its: _____
Date: _____

FRANCHISEE:

By: _____
Its: _____
Date: _____

GUARANTOR(S):

By: _____
Date: _____

By: _____
Date: _____

By: _____
Date: _____

**EXHIBIT 7
MARKS**

Registration Number	Description of Mark	Registration Date
5,851,111		June 18, 2019

Registration Number	Description of Mark	Registration Date
6,422,101*	DISTRICT DOGS (word mark)	May 7, 2021

Serial Number	Description of Mark	Application Date
97592522		September 15, 2022

IP Affiliate also claims common law rights to the following Mark:



EXHIBIT 8
ACKNOWLEDGEMENT OF LEGAL REPRESENTATION

Each of the undersigned hereby represents and warrants to DD Franchise LLC that they retained and were represented by an attorney knowledgeable and experienced in franchising and business transactions in conjunction with their evaluation of the District Dogs franchise opportunity and the execution of the District Dogs Franchise Agreement.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE OWNER(S):

By: _____

Name: _____

Date: _____

By: _____

Name: _____

Date: _____

EXHIBIT 9
SITE SELECTION ADDENDUM

DD Franchise LLC (“we” or “us”) and _____ (“you”) have this ____ day of _____, 20__ (the “**Addendum Effective Date**”) entered into a District Dogs Franchise Agreement (“**Franchise Agreement**”) and desire to supplement its terms as set out below in this Site Selection Addendum (the “**Addendum**”). The parties hereto agree as follows:

AGREEMENT

1. **General Procedures and Broker Requirements.** After you and we sign this Addendum, we will provide you with our real estate guidelines (which are part of our Operations Manuals), which will describe our procedures and policies regarding the selection and leasing of locations, including our minimum standards for a location for DD Businesses. You agree that you will not contact any potential lessors regarding the development of a DD Business or engage any real estate brokers before you and we begin activities under this Addendum. We suggest you engage a qualified commercial real estate broker who has adequate experience with retail leasing opportunities and who is reasonably acceptable to us.

2. **Time to Locate Site and Site Selection Area:**

2.1 Within one hundred twenty days (120) days after the Addendum Effective Date (the “**Search Period**”), you must locate, at your expense, commercial real estate to acquire or lease/sublease that is properly zoned for use as a DD Business that you will operate under the Franchise Agreement (the “**DD Business**”) at a site that we approve as described in this Addendum. This site will be the “**Franchised Location**” under the Franchise Agreement.

2.2 Any sites that you propose must be within the following area: _____

_____ (the “**Site Selection Area**”).
The Site Selection Area is described solely for the purpose of selecting a site for the DD Business. We will not establish, nor franchise another to establish, a DD Business within the Site Selection Area until we approve a location for the DD Business, or until the expiration of the Search Period, whichever event first occurs.

2.3 If you used your best efforts but have not identified a suitable site that we approve by the end of the Search Period, we will have the right, but not the obligation, to extend the Search Period by up to sixty (60) days. If you fail to acquire or lease or sublease a site for the DD Business within the Search Period (as extended, if we have done so), you will be in default under the Franchise Agreement and this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 13.1 of the Franchise Agreement. If we elect not to terminate this Agreement at such time and we extend the period of time you may search for a site past the Search Period, we may subsequently terminate the Franchise Agreement and this Addendum for your failure to acquire or lease or sublease a site for the DD Business, and/or we reserve the right to make your Site Selection Area available to others (including, without limitation, current franchisees, prospective franchisees, and/or us or any of our affiliates) for the establishment of a DD Business, and your Site Selection Area will be modified to eliminate any areas that become protected territories for another DD Business. If we terminate the Franchise Agreement and this Addendum for your failure to acquire, lease or sublease a site for the DD Business, you acknowledge that we have no obligation to refund the Initial Franchise Fee to you.

2.4 You acknowledge and agree that we have no responsibility for, or liability to you for, any site review, analysis, evaluation, or recommended undertaking by or on behalf of any real estate broker or advisor that you use or retain, including brokers or advisors that we approve or recommend.

3. **Site Evaluation Services:** We will, directly or through a designated third party, conduct one on-site evaluation as we deem necessary and appropriate (on our own initiative or at your request) without a separate charge. If we or our designee conduct any additional on-site evaluations, you must reimburse us or our designee, as applicable, for all reasonable expenses that we or the designee incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

4. **Site Selection Package Submission and Approval:** You must submit a site review report and such other information or materials as we may reasonably require (including but not limited to photographs, demographic information, an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site). We will use reasonable efforts to approve or disapprove the proposed site within thirty (30) days after receiving your completed site review report. If we do not approve in writing the proposed site, you must, within thirty (30) days after our disapproval of the proposed site, submit an additional site for our review and approval. We will not unreasonably withhold approval of any site that meets our standards. You may not lease or otherwise acquire the right to occupy the proposed site without our prior written approval.

5. **Lease Responsibilities:** Within one hundred twenty (120) days after we approve a site, you must execute a lease or sublease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. In connection with the potential lease or sublease, you must engage, at your expense, a qualified real estate attorney who has adequate experience in negotiating retail leases and who is reasonably acceptable to us. Our approval of any lease is conditioned only upon the inclusion in the lease of the terms included in the Lease Rider attached to the Franchise Agreement as Exhibit 10 (include these terms as an amendment or rider signed with your lease or sublease). Although we may review the lease and advise you, we will not be responsible for review or approval of the Lease for any terms other than those contained in the Lease Rider.

6. **Franchised Location:** Upon our approval of a site under Section 4 of this Addendum, and after you secure the site pursuant to Section 5 of this Addendum, we will insert its address into Exhibit 2 to the Franchise Agreement, and it will be the Franchised Location. The Territory, as defined in the Franchise Agreement of the Franchise Agreement, will be the geographic area thereafter described in Exhibit 2 to the Franchise Agreement. You acknowledge and agree that, if we have recommended, approved or given you information regarding a site for the Franchised Location, that is not a representation or warranty of any kind, express or implied, of the suitability of the site for a DD Business or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond our control, and we are not responsible if a site and premises we recommend, suggest and/or approve fails to meet your expectations. In addition, any recommendations, suggestions or approvals of a proposed site are not a warranty, guarantee or representation that the site will achieve any level or amount of sales, revenue or profit as a DD Business location. You acknowledge and agree that your acceptance of the obligation to develop the DD Business is based on your own independent investigation of the suitability of the site for the DD Business.

7. **Entire Agreement:** This Addendum is an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as used in the Franchise Agreement.

Except as modified or supplemented by this Addendum, you and we ratify and confirm the terms of the Franchise Agreement.

[Signatures on next page]

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

DD Franchise LLC

Franchisor

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT 10
LEASE RIDER TERMS

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and DD Franchise LLC (“DD”), Tenant’s franchisor):

1. The initial term of the lease, or initial term together with renewal terms, will be for not less than ten (10) years.

2. Landlord consents to Tenant’s use and display of the Marks and signage as DD may require from time to time for the DD Business, subject only to the provisions of applicable law.

3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Franchised Location and/or other improvements upon the Franchised Location as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Franchised Location and/or improvements upon the Franchised Location affect the exterior, structural elements or foundation of the Franchised Location, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.

4. The Franchised Location will be used solely for the operation of a DD Business which operates using the Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Franchised Location.

5. Landlord will concurrently provide DD with a copy of any written notice of deficiency or default under the lease sent to Tenant, and Landlord will provide DD with written notice specifying any deficiencies or defaults that Tenant does not cure. DD’s address is:

1310 T Street NW, Unit 1
Washington DC 20009

6. DD has the right (but not obligation) to cure any deficiency under the lease within thirty (30) days after the expiration of the period in which Tenant has to cure any such default if Tenant fails to do so, and Landlord will not terminate the lease during that period.

7. Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a DD Business; and (b) Landlord will cooperate fully with DD in enforcing such provisions of the Franchise Agreement, including allowing DD, its employees and agents to enter and remove signs, decor and materials bearing or displaying any Marks, designs, or logos, provided that Landlord will not be required to bear any expense thereof.

8. Termination of the Franchise Agreement will constitute a default under the lease.

9. DD has the right, at DD’s election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise grant. Additionally, Tenant (and any guarantors of the lease) will remain liable to Landlord for all of Tenant’s obligations under the lease, notwithstanding any assignment of the Lease to DD or DD’s assignee.

10. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other DD Businesses by Tenant, DD, or any other person or entity.

11. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant's occupancy rights thereunder without DD's prior written consent.

12. Landlord's consent to an assignment of the lease or subletting of the Franchised Location will not be required in connection with an assignment or subletting to DD, or any parent, subsidiary or affiliate of DD or Tenant, or another operator that DD has approved to be the franchisee for the DD Business.

13. Landlord may not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a dog daycare, grooming or training facility or similar business. Additionally, Landlord will not sell to any individual or entity that engages in, and will prohibit any other tenant or subtenant in the building, or on the property, from engaging in, activities predominantly related to the offer and sale of dog daycare, grooming, training or services similar to those offered by a DD Business. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

14. Landlord will, upon reasonable request from Tenant's lender, agree to subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests.

15. No amendment may be made to the lease without DD's prior written consent (which DD will not unreasonably withhold or delay), and DD may elect not to be bound by the terms of any amendment to the lease executed without obtaining DD's prior written approval to such amendment.

EXHIBIT C
FRANCHISEE MANUAL TABLE OF CONTENTS

District Dogs Table of Contents

1. Introduction	15 pgs.
2. Franchise Start up	20 pgs.
3. Accounting	15 pgs.
4. HR	15 pgs.
5. Marketing	15 pgs.
6. Operations	15 pgs.
7. Forms	15 pgs.
TOTAL	110 PAGES

EXHIBIT D

**LIST OF FRANCHISEES AND
FRANCHISEES THAT HAVE LEFT THE SYSTEM
(as of December 31, 2022)**

None.

**CURRENT FRANCHISEES
AS OF DECEMBER 31, 2022**

None.

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2022**

None.

**FRANCHISEES THAT HAVE TRANSFERRED A UNIT
AS OF DECEMBER 31, 2022**

None.

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

EXHIBIT E
FINANCIAL STATEMENTS

DD Franchise LLC

Financial Statements

*As of December 31, 2022 and for the period from inception
(October 31, 2022) through December 31, 2022*

DD Franchise LLC

Financial Statements

As of December 31, 2022 and for the period from inception
(October 31, 2022) through December 31, 2022

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Notes to Financial Statements.....	9



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Independent Auditor's Report

To the Members
DD Franchise LLC
McLean, Virginia

Report on the Financial Statement

Opinion

We have audited the financial statements of DD Franchise LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' deficit and cash flows for the period from inception (October 31, 2022) through December 31, 2022, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the period from inception (October 31, 2022) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DD Franchise LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DD Franchise LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DD Franchise 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.

A+G LLP

Dallas, Texas
February 24, 2023

Balance Sheet

As of December 31,

2022

Assets	\$	-
---------------	-----------	----------

Total assets	\$	-
---------------------	-----------	----------

Liabilities and Members' Deficit

Current liabilities:

Accounts payable	\$	5,000
------------------	-----------	--------------

Accrued expenses	17,525
------------------	---------------

Total current liabilities	22,525
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Members' deficit	(22,525)
------------------	-----------------

Total liabilities and members' deficit	\$	-
---	-----------	----------

Statement of Operations

For the period from inception (October 31, 2022) through December 31,

2022

Revenues:	\$	-
General and administrative expenses:		
Professional fees		106,565
Other general and administrative expenses		300
Total general and administrative expenses		106,865
Net loss	\$	(106,865)

Statement of Changes in Members' Deficit

Balance at October 31, 2022 (inception)	\$	-
Net loss		(106,865)
Contributions from members		84,340
Balance at December 31, 2022	\$	(22,525)

Statement of Cash Flows

For the period from inception (October 31, 2022) through December 31,

2022**Operating Activities**

Net loss	\$	(106,865)
Changes in operating assets and liabilities:		
Accounts payable		5,000
Accrued expenses		17,525
Net cash used by operating activities		<u>(84,340)</u>

Investing Activities

Net cash provided by investing activities	-
---	---

Financing Activities

Contributions from member	<u>84,340</u>
Net cash provided by financing activities	<u>84,340</u>

Net increase in cash and cash equivalents	-
---	---

Cash and cash equivalents, beginning of period	<u>-</u>
--	----------

Cash and cash equivalents, end of period	<u><u>\$ -</u></u>
--	--------------------

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Organization and Operations

Description of Business

DD Franchise LLC is a limited liability company organized under the laws of the State of Delaware. References in these financial statement footnotes to “Company”, “we”, “us”, and “our” refer to the business of DD Franchise LLC. The Company was formed on October 31, 2022 (“Inception”).

The Company was formed for the purpose of granting franchises for the establishment of businesses that specialize in dog daycare, structured daycare, overnight boarding, grooming, and training, in a beautiful state-of-the-art indoor facility that emphasizes the safety and wellbeing of your pet (“DD Services”). The company operates under the District Dogs trade name.

On November 17, 2022, DD IP Licensing, LLC, our affiliate (“IP Affiliate”) acquired the trademarks, tradenames, service marks, and other intellectual property (the “Marks”) from District Dogs, Inc. Our IP Affiliate has granted the Company a license to use and sublicense the Marks to the Company’s franchisees pursuant to the terms of a Trademark License Agreement dated November 17, 2022 (“Effective Date”). This agreement remains in effect for 30 years from the Effective Date and subjects to any automatic renewal or terminates by the mutual agreement.

During the period from Inception through December 31, 2022, 0 franchised outlets were opened and 0 franchised outlets were closed. During the period from Inception through December 31, 2022, 0 affiliate-owned outlets were opened and 0 affiliate-owned outlets were closed. As of December 31, 2022, there were 0 franchised outlets, and 3 affiliate-owned outlets in operation.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and has sustained losses from operations for the period from inception to December 31, 2022 and is projecting continued losses from operations and net cash outflows from operating activities for the period ending December 31, 2023 and is dependent on additional funding from its members and affiliates. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s members and affiliates have committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements.

After considering the financial wherewithal of its members and affiliates to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company’s ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Organization and Operations (continued)

COVID-19

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 COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic's magnitude and duration.

2. Significant Accounting Policies

Basis of Accounting and Presentation

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred. The Company does not reflect cash and cash equivalents in the financial statements as the members have paid expenses for the period from inception to December 31, 2022 from the respective members' bank accounts.

Use of Estimates

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statement. Actual results could differ from those estimates.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The fair value hierarchy has three levels, which are based on reliable available inputs of observable data, and requires the use of observable market data when available.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Revenue Recognition

The Company will recognize revenue in accordance with FASB ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a DD Business developed in one or multiple defined geographic area and provides for a 10-year initial term with the option to renew for two five-year terms. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee. The new franchisee will then sign a new franchise agreement and is required to pay for transfer and training fee.

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue will be allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities will be recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services will be recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees will be recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees will be recognized over the contractual term of the transfer agreement.

Royalty revenue from DD Businesses will be based on 6.9% of the franchisees' gross sales. Royalty revenue will be recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

The Company will maintain an advertising fund to promote general brand recognition of the franchise system and services. Funds will be collected from franchisees based on an agreed-upon percentage of franchisee's monthly gross sales and used to pay costs of, or associated with, marketing, advertising, digital marketing, contact tracing, promotions, brand building, commercial business development, retail growth strategies including merchandising, the look and feel of displays, merchandise, public relations and costs to administer the advertising fund. Although advertising fund revenue are not separate performance obligations distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company will record advertising fund contributions in revenue and related advertising fund expenditures in expenses in the Statements of Operations. Advertising fund revenue will be contributed by franchisees based on 1% of franchisees' gross sales and is recognized as earned.

Local Adverting fee will be charged at 1% of the franchisees' gross sales. Technology maintenance fee will be charged at \$250 monthly with an additional \$995 technology startup fee. These fees are recognized as earned.

Income Taxes Status

The Company is taxed as a Partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the members who are taxed individually on their share of each Company's earnings. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Income Taxes

The Company is taxed as a Partnership under the provisions of Subchapter K of the Internal Revenue Code, accordingly, no federal income tax provision or liability is reflected in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, and the state in which it operates. The Company is subject to routine audits by taxing jurisdictions from the inception October 31, 2022; however, there are currently no audits for any tax periods in progress.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022.

4. Subsequent Events

In February 2023, the Company opened a bank account and the Company's members funded it with contributions in the amount of \$40,000.

The Company has evaluated subsequent events through February 24, 2023, the date the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.



DD Franchise LLC

Financial Statements
October 12, 2023

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DD Franchise LLC
Statement of Assets, Liabilities, and Equity - Income Tax Basis
(See Selected Information. Substantially All Disclosures Required by the Income Tax Basis of
Accounting are Omitted)

October 12, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
10100 Checking (6968)	105,801.08
Total Bank Accounts	105,801.08
Other Current Assets	
13000 Prepaid Expenses	223.60
Total Other Current Assets	223.60
Total Current Assets	106,024.68
Other Assets	
15900 Software	4,016.00
16200 Organizational Costs	118,541.00
16500 Accumulated Amortization	-2,310.35
Total Other Assets	120,246.65
TOTAL ASSETS	\$226,271.33
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
20500 Credit Card Payable	4,116.00
Total Credit Cards	4,116.00
Total Current Liabilities	4,116.00
Total Liabilities	4,116.00
Equity	
30100 Owner's Equity - Hensley	100,293.36
30200 Owner's Equity - Gaudio	103,577.80
Net Income	18,284.17
Total Equity	222,155.33
TOTAL LIABILITIES AND EQUITY	\$226,271.33

Statement of Revenues and Expenses - Income Tax Basis
(See Selected Information. Substantially All Disclosures Required by the Income Tax Basis of Accounting are Omitted)

For the Period January 1 - October 12, 2023

	Total
INCOME	
41000 Franchise Income	
41110 Franchise Fees	134,000.00
Total 41000 Franchise Income	134,000.00
Total Income	134,000.00
COST OF GOODS SOLD	
51000 Marketing Expenses - Franchisees	447.32
Total Cost of Goods Sold	447.32
GROSS PROFIT	133,552.68
EXPENSES	
61000 Payroll Expenses	
61100 Payroll - Salary and Wages	9,166.66
61200 Payroll - Employer's Portion Payroll Taxes	938.75
Total 61000 Payroll Expenses	10,105.41
63000 Professional Fees	2,795.00
63100 Legal Fees	53,538.57
63200 Accounting	4,268.00
Total 63000 Professional Fees	60,601.57
63500 Payroll Processing Services	519.40
64000 Marketing and Advertising - General	8,812.00
64200 Dues and Memberships	8,801.79
65000 Office Expenses	2,532.03
65100 Office Supplies	709.30
65150 Meals & Entertainment	2,574.50
65200 Bank Charges	294.19
65300 Postage	295.44
65900 Licenses and Permitting	1,160.00
66000 Insurance	
66100 Liability Insurance	1,893.00
66200 Workers Compensation	31.00
Total 66000 Insurance	1,924.00
68000 Travel Expense	
68100 Lodging	3,500.27
68101 Transportation	1,186.98
68102 Airfare	9,863.28
68103 Parking	78.00
Total 68000 Travel Expense	14,628.53
69200 Amortization Expense	2,310.35
Total Expenses	115,268.51
NET OPERATING INCOME	18,284.17

	Total
NET INCOME	\$18,284.17

Selected Information

For the Period January 1 – October 12, 2023

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the cash method of accounting used by the Company for federal income tax purposes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). That basis differs from U.S. GAAP primarily because receipts of customer payments in advance are recognized immediately instead of being deferred and because expenses generally are recognized when paid instead of when the underlying obligation is incurred. Nontaxable income and nondeductible expenses are included in the determination of net income (loss). The tax filing type of the Company is a limited liability company (LLC) taxed as a partnership.

EXHIBIT F
STATE ADDENDA

State-Specific Disclosures

1. California
2. Illinois
3. Maryland
4. Minnesota
5. New York
6. North Dakota
7. Rhode Island
8. South Dakota
9. Virginia
10. Washington
11. Wisconsin

STATE OF CALIFORNIA

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

Item 3, Additional Disclosure:

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

Item 5, Additional Disclosure:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Note 10 is supplemented with the following additional sentences:

Some states may impose various taxes such as use taxes, transfer privilege taxes or withholding taxes. However, we are not aware that California imposes these types of taxes at this time.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws where the franchisor's principal place of business is, which is currently Washington, D.C. This provision may not be enforceable under California law.

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

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Disclosure Document and the Franchisee Closing Acknowledgment attached at Exhibit H are amended to include the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 19, Additional Disclosure:

In Item 19, in the second bullet point on page 41, the first sentence is deleted. That paragraph will read as follows:

- Your results will be affected by factors such as prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and lease rates, your business and management skills, staff strengths and weaknesses, and the cost and effectiveness of your marketing activities.

STATE OF HAWAII

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF 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 THE FRANCHISOR AND FRANCHISEE.

STATE OF ILLINOIS

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Closing Acknowledgment:

The representations under this Franchise Acknowledgment are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF MARYLAND

The Franchise Disclosure Document is amended to add the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

In Item 17 and the Franchise Agreement requires you to sign a general release. The general release required as a condition of renewal, termination, or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

In Item 17 and the Franchise Agreement, we require the laws of the District of Columbia to prevail. This is amended to provide that in the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

Item 17 and the Franchise Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

Item 17 is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

In Item 17, 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 Closing Acknowledgment that is attached to the Franchise Agreement is amended to state: **"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 Disclosure Document and the Franchisee Closing Acknowledgment attached at Exhibit H are amended to include the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

State Cover Page and Item 17, Additional Disclosures:

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the License Agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subds. 3, 4, and 5 which require (except in certain specified cases), that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the License Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Franchisee Closing Acknowledgment:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF NEW YORK

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. 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.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of 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.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): 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 Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the License Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): 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.

STATE OF NORTH DAKOTA

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

STATE OF RHODE ISLAND

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 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.”

STATE OF SOUTH DAKOTA

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

Item 5, Additional Disclosure:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Amazing Athletes Franchise Systems, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure.

The ***Special Risks to Consider About This Franchise*** page is amended to include the following **risk factors**:

3. WE BOTH AGREE TO WAIVE THE RIGHT TO A JURY TRIAL AND TO BE AWARDED EXEMPLARY, PUNITIVE, OR CONSEQUENTIAL DAMAGES.

Item 17 is amended by adding the following: The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et. seq.)

The following statements are added to 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 do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The Disclosure Document and the Franchisee Closing Acknowledgment attached at Exhibit H are amended to include the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 5, Additional Disclosure:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires franchisor to defer payment of the initial franchise fee and other payments owed by franchisee to franchisor until franchisor has completed its pre-opening obligations under the franchise agreement.

STATE OF WASHINGTON

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Disclosure Document and the Franchisee Closing Acknowledgment attached at Exhibit H are amended to include the following:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchisee

seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE OF WISCONSIN

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

State-Specific Franchise Agreement Amendments:

State-Specific Disclosures

1. California
2. Illinois
3. Maryland
4. Minnesota
5. New York
1. North Dakota
2. Rhode Island
3. South Dakota
4. Virginia
5. Washington
6. Wisconsin

STATE OF CALIFORNIA

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043)).

The Franchise Agreement requires application of the laws of the District of Columbia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF ILLINOIS

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF MARYLAND

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20__, between DD Franchise LLC and _____, amends and revises said Franchise Agreement as follows:

a. The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

b. Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

c. Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

d. 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.

e. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

f. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

g. Recital E of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

E. You desire to enter into this Franchise Agreement to open and operate a DD Business using the Marks and the System. You agree that the consistent and uniform operation of your DD Business using the System is essential.

h. Section 1.7 of the Franchise Agreement under the heading "Other Covenants Relating to the Grant of this License" is modified as described below.

1. Section 1.7.b.i. is modified by deleting certain clauses so that 1.7.b.i. should read as follows:

i. You acknowledge that you have received this Franchise Agreement and all Exhibits attached hereto. The decision to retain professional counsel is in your sole and exclusive discretion, and we will not provide any legal, financial, or other counsel about this Franchise Agreement.

2. Section 1.7.b.ii. is modified by deleting “and are financially capable of undertaking the risks involved in opening and operating any business” so that 1.7.b.ii. should read as follows:

ii. You have adequate funding to purchase and operate your DD Business.

3. Sections 1.7.c. and 1.7.d. are hereby deleted in their entirety.

i. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

j. Section 20.13 of the Franchise Agreement under the heading “Acknowledgment” is hereby deleted in its entirety.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum and understands and consents to be bound by all of its terms.

The Parties have executed this addendum on the date stated below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF MINNESOTA

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF NORTH DAKOTA

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any release executed in connection with a renewal shall not apply to any claims that may arise under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The choice of law other than the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The waiver of punitive or exemplary damages may not be enforceable under the North Dakota Franchise Investment Law.

The waiver of trial by jury may not be enforceable under the North Dakota Franchise Investment Law.

The requirement that arbitration be held outside the State of North Dakota may not be enforceable under the North Dakota Franchise Investment Law. Any mediation or arbitration will be held at a site agreeable to all parties.

The requirement that a franchisee consent to termination or liquidated damages has been determined by the Commissioner to be unfair, unjust and inequitable within the intent of the North Dakota Franchise Investment Law. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement states that franchisee must consent to the jurisdiction of courts located outside the State of North Dakota. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by Franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

STATE OF NEW YORK

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

STATE OF RHODE ISLAND

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 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.”

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By:_____

By:_____

Its:_____

Its:_____

Date:_____

Date:_____

STATE OF SOUTH DAKOTA

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the South Dakota Franchise Investment Act, S.D. Codified Laws §§37-5B-53 – 37-5B-53 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF VIRGINIA

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

a. Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

b. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

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 do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

c. The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires franchisor to defer payment of the initial franchise fee and other initial payments owed by franchisee to franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

d. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

e. Each provision of this Addendum will be effective only to the extent that the jurisdictional requirements of the Acts are met independent of this Addendum. To the extent this Addendum will be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum will govern.

FRANCHISOR:

DD FRANCHISE LLC

By: _____
Its: _____
Date: _____

FRANCHISEE:

By: _____
Its: _____
Date: _____

STATE OF WASHINGTON

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

STATE OF WISCONSIN

This Addendum to the Franchise Agreement, agreed to this ____ day of _____, 20____, between DD Franchise LLC (Franchisor) and _____ (Franchisee).

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

By: _____

Its:

Date: _____

By: _____

Its:

Date: _____

EXHIBIT G

FRANCHISEE ORGANIZATIONS

None.

EXHIBIT H

FRANCHISEE CLOSING ACKNOWLEDGMENT

Franchisee's Name: _____
Address: _____
Telephone: _____
Today's Date: _____

PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT IS IMPORTANT TO YOU.

A goal in asking you these questions is to be confident that you are prepared to become a DISTRICT DOGS franchisee, that you understand the risks of owning your own business, and that we have complied with our obligations in providing you with the information required by law.

We may, in lieu of requesting that you review and sign this Closing Acknowledgment, review these questions with you during our pre closing meeting, and may take notes of your verbal responses for our records.

A. GENERAL QUESTIONS

1. The date on which I received a franchise disclosure document (FDD) from Franchisor:

Date: _____

2. The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt):

Date: _____

3. The earliest date on which I delivered cash, check, or consideration to the franchise marketing representative or any other person:

Date: _____

B. REPRESENTATIONS

PLEASE RESPOND TO EACH PARAGRAPH. IN RESPONDING, PLEASE STATE WHETHER THE STATEMENT IS TRUE OR FALSE AND PROVIDE ANY OTHER INFORMATION THAT IS IMPORTANT TO YOU

1. Except as specifically written in the Franchise Agreement, no promises, agreements, contracts, commitments, representations, understandings, "**side deals**" or otherwise have been made to or with me concerning any matter, including any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or other services.

☐ True ☐ False

Other Information: _____

Initials

2. No oral, written, or visual claim, representation, promise, agreement, contract, commitment, or understanding was made that contradicts or is inconsistent with the terms of the Franchise Agreement.

☐ True ☐ False

Other Information: _____

Initials

3. I acknowledge that the success of my business is based in large part on my ability as an independent businessperson and my active participation in the day-to-day operation of the business.

☐ True ☐ False

Other Information: _____

Initials

C. STATEMENTS OF FRANCHISOR

THE PARAGRAPHS BELOW ARE THE POLICIES OF THE FRANCHISOR. IF ANY IS UNTRUE OR IS CONTRADICTED BY YOUR EXPERIENCE, PLEASE PROVIDE AN EXPLANATION.

1. Franchisor **does not permit** any employee, salesperson, officer, director, or another individual to make or endorse any representations, warranties, projections, or disclosures of any type relating to the financial success of the franchise business and, except as specifically stated in item 19, or by you at the line below, no information as to sales, income, expenses, profits, cash flows, tax consequences or otherwise have been given to the Franchisee. *If any such representations have been made to you by any person in Franchisor's employ, please state so below and immediately inform the Manager of the Franchisor.*

Initials

2. Franchisor **does not permit** any employee, salesperson, officer, director, franchisee, or another management personnel to project any results that a Franchisee can expect in the operation of the business. *If any such representations have been made to you by any person, please state so below and immediately inform the Manager of Franchisor.*

Initials

3. Franchisor **does not permit** any promises, agreements, contracts, commitments, representations, understandings, "side deals," or variations or changes in or supplements to the Franchise Agreement except by a written addendum signed by you and Franchisor. *If any such deals or changes have been made or promised, please state so below and immediately inform the Manager of the Franchisor.*

Initials

I have completed this Closing Acknowledgement and have disclosed any information that is contrary to any printed statement or have provided any other information that I deem to be important. I understand that my answers are part of the Franchisor's material determination in granting franchise rights and that their reliance on the same is fair, reasonable, and expected by me.

For Maryland prospective franchisees: Do not sign this Closing Acknowledgment.

For California prospective franchisees: You are not required to sign this Closing Acknowledgment.

EFFECTIVE AS OF THE DATES WRITTEN BELOW BY EACH PARTY.

FRANCHISOR:

FRANCHISEE:

DD FRANCHISE LLC

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

State Effective Dates

The following states have franchise laws that require that the disclosure document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This disclosure 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 Dates stated below:

STATE	EFFECTIVE DATE
California	See separate FDD.
Hawaii	See separate FDD.
Illinois	See separate FDD.
Indiana	See separate FDD.
Maryland	Pending
Michigan	See separate FDD.
Minnesota	See separate FDD.
New York	See separate FDD.
North Dakota	See separate FDD.
Rhode Island	See separate FDD.
South Dakota	See separate FDD.
Virginia	See separate FDD.
Washington	See separate FDD.
Wisconsin	See separate FDD.

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPT

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If DD Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island law requires that we give you this disclosure document at the earliest of (i) the first personal meeting to discuss the franchise, or (ii) 10 business days before the execution of the franchise or other agreement or make a payment of any consideration to us or an affiliate in connection with the proposed franchise sale. Michigan and Oregon require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Under Iowa law, if applicable, at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or make a payment of any consideration that relates to the proposed franchise sale.

If DD Franchise 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 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 franchisor is DD Franchise LLC at 1310 T Street NW, Unit 1, Washington, DC 20009.

Issuance Date: April 28, 2023

The franchise sellers are Jacob Hensley, Managing Partner and Steve Gaudio, Managing Partner, DD Franchise LLC, 1310 T Street, NW, Unit 1, Washington, D.C. 20009, 202-930-3373. Any additional individual franchise sellers involved in offering the franchise are:

DD Franchise LLC authorizes the respective state agencies identified in Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated April 28, 2023, that included the following Exhibits:

Exhibit A	List of State Agencies and Agents for Service of Process	Exhibit E	Financial Statements
Exhibit B	Franchise Agreement	Exhibit F	State Specific Addenda
Exhibit C	Franchisee Manual Table of Contents	Exhibit G	Franchisee Organizations
		Exhibit H	Franchisee Closing Acknowledgment
Exhibit D	List of Franchisees and Franchisees That Have Left the System	Exhibit I	Receipt

By:_____ Date:_____

You should return one copy of the signed Receipt by signing, dating, and returning by electronic-signature software or by mailing it to DD Franchise LLC at 1310 T Street NW., Unit 1, Washington, DC 20009.

RETAIN THIS COPY FOR YOUR RECORDS.

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RETURN COPY TO FRANCHISOR