

FRANCHISE DISCLOSURE DOCUMENT



SNAGGLE FOOT®
Dog walks and Pet Care

Snaggle Foot LLC
A Minnesota Limited Liability Company
23850 Pioneer Trail
Loretto, MN 55357
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The franchisee will operate a home-based business which provides in-home dog and pet care services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing under the mark “Snaggle Foot.”

The total investment necessary to begin operation of a Snaggle Foot franchised business is from \$21,760 to \$62,450. This includes \$20,000 that must be paid to us or our affiliates as the Franchise Fee for a designated territory of up to 90,000 households. If we approve a territory larger than 90,000 households, the Franchise Fee will be \$20,000 plus an additional \$2,000 for every 10,000 households over 90,000, with no maximum Franchise Fee.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Micheal Johnson, Snaggle Foot LLC, 23850 Pioneer Trail, Loretto, MN 55357 (877) 609-7387 michealj@snagglefoot.com.

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

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

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

Issuance Date: March 16, 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 Exhibits 4 and 5.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit 6 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 Snaggle Foot 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 Snaggle Foot franchisee?	Item 20 or Exhibits 4 and 5 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 1.

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 in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital personal assets, perhaps including your house, at risk if your franchise fails.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

Snaggle Foot LLC (“we,” “us” or “our”) is the franchisor. We are a Minnesota limited liability company with our principal place of business is at 23850 Pioneer Trail, Loretto, MN 55357. We were formed on October 17, 2014. We conduct business under our corporate name and our trade name “Snaggle Foot” and related names, marks and slogans.

We are a franchising company which promotes and sells franchises for the operation of Snaggle Foot businesses. We have offered franchises since December 2014. Neither we nor any affiliate own or operate a Snaggle Foot business as of the date of this Disclosure Document. We do not offer franchises under any other line of business. We are not engaged in any business other than selling franchises for Snaggle Foot businesses.

Our agents for service of process are listed on Exhibit 1.

Our Parents, Affiliates and Predecessors

We have no parents.

We have one predecessor, Barossa Franchise, LLC (“Barossa Franchise”) that needs to be disclosed in this Disclosure Document. Barossa Franchise is a Texas limited liability company with a principal place of business of 101 W. Main Street, Suite 103, Frisco, Colorado 80443. We acquired the franchise assets of Barossa Franchise in connection with an asset sale that closed on October 17, 2014. In connection with the asset transaction, we also acquired all rights to and ownership interest in the “Snaggle Foot” trademarks from Barossa Franchise’s affiliate, Good Gossip LLC (“Good Gossip”). Good Gossip is a Colorado limited liability company with a principal place of business of 101 W. Main Street, Suite 103, Frisco, Colorado 80443. From February 2008 to October 2014, Barossa Franchise offered franchises similar to those offered under this Disclosure Document. From July 2007 to October 2014, Good Gossip operated businesses similar to those offered under this Disclosure Document in Colorado, Louisiana and Texas. In connection with our acquisition of the Snaggle Foot franchise system, Barossa Franchise ceased offering franchises and, as of the date of this Disclosure Document, does not offer franchises under any line of business. In connection with our acquisition of the Snaggle Foot franchise system, Good Gossip ceased operating businesses similar to those offered under this Disclosure Document in the states of Colorado, Louisiana and Texas, and does not currently offer franchises under any line of business.

The Franchise Offered

We are offering franchises for the operation of home-based businesses which provide dog and pet care services that operate under the name “Snaggle Foot,” (each a “**Snaggle Foot Business**”). Each Snaggle Foot Business is established and operated using the format and system we developed (the “**System**”), and features and operates under the Proprietary Marks (as defined below). Snaggle Foot Businesses offer services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing. All products and services offered for sale at a Snaggle Foot Business are subject to our approval.

Snaggle Foot Businesses are characterized by our System. Some of the features of our System include (a) standards and specifications for products, equipment, materials, and supplies; (b) uniform

standards, specifications, and procedures for operations; (c) training and operational assistance; and (d) marketing and promotional programs. We may periodically change and improve the System.

You must operate your Snaggle Foot Business in accordance with our required standards and procedures, as set out in our Confidential Operations Manuals (the “**Manuals**”). We will lend you a copy of the Manuals for the duration of the Franchise Agreement (or, at our option, we may make these available to you electronically).

In addition, we will grant you the right to use our marks, including the mark “Snaggle Foot” and any other trade names and marks that we designate in writing for use with the System (the “**Proprietary Marks**”). We may modify the Proprietary Marks or substitute new Proprietary Marks.

Franchise Agreement

We offer to enter into franchise agreements (“**Franchise Agreements**”) (included as Exhibit 3 to this Disclosure Document) with qualified legal entities and persons (“**you**”) that wish to establish and operate Snaggle Foot Businesses. (In this Disclosure Document, “you” means the person or legal entity with whom we enter into an agreement. The term “you” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the “franchisee”.)

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Snaggle Foot Business within an agreed-upon specified territory (the “**Territory**”). (In this Disclosure Document, the term “**Franchised Business**” means the Snaggle Foot Business franchised to you under a Franchise Agreement.)

If you are not an individual, then you must designate one of your owners, who must be an individual person with at least a ten percent (10%) ownership interest in the franchisee legal entity, and who must be reasonably acceptable to us to assume the responsibilities of general oversight and management of your Franchised Business (the “**Designated Principal**”).

The Market and Competition

The market for pet care services is well developed and intensely competitive. You will serve the general public and will compete with a variety of businesses, from locally owned establishments to national chains. These will include pet care businesses that offer services similar to those offered in Snaggle Foot Businesses. These businesses compete on the basis of factors such as price, service, location and quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, population and travel patterns. Certain of the services offered by Snaggle Foot Businesses may be seasonal in nature. For example, dog boarding will likely increase during the holidays.

Industry Specific Regulations

You must comply with all local, state and federal laws that apply to your Franchised Business operations, including all laws and regulations relating to pet care, health, sanitation, EEOC, OSHA, discrimination, employment, and sexual harassment laws. You must also obtain all necessary permits, licenses and operational licenses. There may be other laws applicable to your business and we urge you to make further inquiries about these laws. We recommend that you consult with your attorney for an understanding of these laws.

In some jurisdictions it may be unlawful to board animals in your home. If this is the case where your Franchise Business is located, boarding will not be an approved service to be offered to your customers. We urge you to make further inquiries about animal boarding laws in your area. We recommend that you consult with your attorney for an understanding of these laws.

ITEM 2 **BUSINESS EXPERIENCE**

Managing Member, Owner and Chief Executive Officer: Maike Liekweg Johnson

Ms. Maike Liekweg Johnson has served as our Managing Member and Chief Executive Officer since June 2016. From June 2013 to June 2019, Ms. Johnson served as a Firefighter and Emergency Medical Responder at the Loretto Fire Department in Loretto, Minnesota.

Director of Franchise Operations and Development: Micheal Johnson

Mr. Micheal Johnson has served as our Director of Franchise Operations and Development since October 2014.

ITEM 3 **LITIGATION**

No litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

Initial Franchise Fee

When you sign the Franchise Agreement you must pay us an initial franchise fee of \$20,000 (“**Franchise Fee**”) for a designated territory of up to 90,000 households. At our sole option, a territory of more than 90,000 households may be granted if warranted. If we approve a territory larger than 90,000 households, the Franchise Fee will be \$20,000 plus an additional \$2,000 for every 10,000 households over 90,000, with no maximum Franchise Fee. We may finance the Franchise Fee by allowing you to make a down-payment of fifty percent (50%) of the Franchise Fee, and signing a promissory note (“**Promissory Note**”) for the remaining fifty percent (50%) in favor of us in the form of Exhibit G attached to the Franchise Agreement. Please see Item 10 for additional details regarding financing.

The Franchise Fee, or any portion of the Franchise Fee, or any interest paid to us as a result of the Promissory Note will be fully earned when paid and is non-refundable. You must pay the Franchise Fee, or the Franchise Fee down-payment of fifty percent (50%) of your Franchise Fee, in full at the time you sign the Franchise Agreement.

The Franchise Fee, including the formula for larger territories, is uniform for all franchisees and the same for each Franchised Business opened, except in the case where certain discounts and promotions are offered. We may elect to occasionally offer a discounted franchise fee to qualified franchise owners.

Basis for discounts include, but are not limited to, territory location, veteran status, pet care industry experience, and other factors which we may determine.

Currently, we offer a discounted Franchise Fee for certain service personnel who also meet our qualifications for new Snaggle Foot franchisees. If you are a service member of the U.S. Army, Navy, Air Force, Marines, or Coast Guard (active or honorably discharged), or a current state, county, or municipal police officer, fire fighter, or emergency medical technician, we will discount the Franchise Fee up to 30%. The service personnel discount may be used only once for one franchise agreement. We may require reasonable documentation of your eligibility for this program.

ITEM 6 **OTHER FEES**

Name of Fee (Note 1)	Amount	Date Due	Remarks
Royalty	5% of Net Sales. After you have operated your business for 36 months, you must pay us at least \$100 per month in Royalty Fees, Technology Fees, and Advertising Contributions (the "Minimum Fee Amount"). (See Note 2 with additional information regarding the Minimum Fee Amount)	By the fifth business day after the close of each Month based on the Net Sales for that Month.	" Net Sales " means all revenue related to the Franchised Business (excluding customer refunds and sales taxes collected and remitted to the proper authorities).
Advertising Obligations	2% of Net Sales to the System Ad Fund. (See Note 2 regarding minimum fees) You must directly spend an additional 1% of Net Sales on your local advertising.	Same as Royalty Fee. (See Note 3)	We may change the allocation between the "System Ad Fund", the amount spent on local advertising, and a regional "Cooperative Ad Fund," as described in Item 11. We have the option to require our franchisees to form regional advertising cooperatives in their local markets and contribute into a Cooperative Ad Fund. If this is done, your Cooperative Ad Fund contribution will be credited against the local advertising requirement. (See Note 4)
Shortfall Fee	\$0 - \$100. (See Note 2 regarding minimum fees)	Same as Royalty Fee.	Your obligation to pay us the Shortfall Fee does not commence until 36 months after you have operated your Franchised Business.
Use of unapproved advertising and promotional material(s)	\$250 for each occurrence.	Upon Demand.	In addition to any other rights we may have, for each occurrence of any use of unapproved advertising and promotional material(s), we may impose a \$250 fee, which will be added to your required Advertising Obligation to the System Ad Fund.
Local Telephone and On-line Directories	Varies.	Upon demand.	We may require you to, or we may on your behalf, advertise your Franchised Business in local directories. You must bear the costs for your Franchised Business, including reimbursements to us.

Name of Fee (Note 1)	Amount	Date Due	Remarks
Alternate Training Site Location Fee	Actual costs incurred for trainer's travel arrangements.	Upon Demand.	In the event you request (and we agree) that we conduct the initial portion of the training program at a location different from our headquarters or such other location designated by us, we reserve the right to charge you our reasonable out of pocket expenses, including, but not limited to, all transportation costs, lodging, classroom facility expenses, and a per-diem allowance of \$50. (See Note 5)
Additional telephonic, electronic mail, and on-site training and assistance	For telephonic and electronic mail assistance, our additional training fee (which is currently \$50.00 per hour). For on-site assistance, our per-diem charge (which is currently \$500.00, plus our out-of-pocket costs), per trainer.	Upon Demand.	If you ask that we provide additional or supplemental telephonic or electronic mail training or assistance, and we do so, then you will have to pay our additional training fee. (See Note 5)
Product/Supplier Testing	Varies – the costs of testing and evaluation.	Upon demand, if incurred.	(See Note 6)
Transfer Fee	\$500	At time of transfer.	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes any sale or assignment of your franchise or your company. We do not impose a fee for a transfer to a corporation you form for the convenience of ownership.
Renewal Fee	An amount equal to \$1,000 plus our costs and expenses related to your renewal.	Before renewal.	The Franchise Agreement may be renewed after an initial term of 10 years. You will only need to pay this fee if you renew the Franchise Agreement.
Technology Fee	\$100 per month. (See Note 2 regarding minimum fees)	By the fifth business day after the close of each Month.	In return for hosting your web page(s) to describe your Franchised Business, and 1 (one) e-mail address for your use with the Franchised Business.
Late Fee and Interest on Overdue Payments	A late fee equal to 5% of your overdue amount, and interest equal to 1.5% per month (but not more than any maximum rate set by law).	At time the Overdue Payments are paid.	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.
Dues and Assessments Imposed by a Franchisee Advisory Council	As determined by a franchisee advisory council (if established). Currently – none.	At the times required by a franchisee advisory council.	We may form, or require that our franchisees form, a franchisee advisory council. If one is formed, you must become a member if we require, and you must pay the fees and assessments imposed by the council.
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred.	In addition to other remedies available to us.
Audit Expenses	All costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon Demand.	Payable only if you fail to cooperate with the audit, or if we audit and the audit discloses an understatement in any statement or report of 3% or more. (You will also have to pay the monies owed and interest on the underpayment (see "interest" above).)
Insurance Procurement	Our cost to obtain insurance coverage if you fail to do so.	Upon Demand.	We have the right (but not obligation) to buy insurance coverage if you do not do so.

Name of Fee (Note 1)	Amount	Date Due	Remarks
Relocation Expenses	Our actual expenses.	Upon demand.	Payable only if you relocate your Business, in order to reimburse us our costs and expenses related to an approved relocation of your Business.
Costs and Attorneys' Fees	Will vary under the circumstances.	Upon Demand.	Due only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the Franchise Agreement.
Indemnification	Will vary under the circumstances.	Upon Demand.	You must reimburse us if we are sued or held liable for claims arising from your operation of the Franchised Business, as well as your use of the Proprietary Marks in a manner inconsistent with our instructions, and any transfers or securities offerings that you propose.
Trademark Branded Inventory & Supplies	Our then-current rates (currently ranging from \$0.10 - \$30.00 per item, depending on the item)	Upon Demand.	All inventory and supplies bearing our trademarks must be purchased through us. We will place all such orders through our approved third party suppliers and all supplies and inventory will be delivered to you. While we reserve the right to do so in the future, we do not receive any rebates or revenue for ordering supplies or inventory on your behalf.

Explanatory Notes to Item 6 Table:

1. Except as otherwise noted in this Item 6, we impose and collect all of the fees described above. None of these fees are refundable. All of the fees described above in this Item 6 are uniform for all franchisees.
2. Following your first thirty-six (36) months of operation, and for each month remaining under the term of the Franchise Agreement, you must pay us at least the Minimum Fee Amount of \$100 per month. If you do not achieve the required Minimum Fee Amount for any month during the term of the Franchise Agreement after your first thirty-six (36) months of operation, we will collect a shortfall fee from you equal to the difference between the amount of Royalty Fees, Technology Fees, and Advertising Contributions you should have paid had you achieved the Minimum Fee Amount for that month and the actual Royalty Fees, Technology Fees, and Advertising Contributions you paid to us during the month (the "Shortfall Fee").
3. The chart reflects the maximum required percentage amount of 3% which you will be required to contribute to the System Ad Fund and/or spend on local advertising (together the "**Advertising Obligation**"). Our current allocation of the Advertising Obligation is 2% toward the System Ad Fund and 1% spent directly by you toward local advertising. With the exception described in Note 4 below, we will not require additional advertising, marketing or promotional contributions.
4. We have the option to require our franchisees to form regional advertising cooperatives in their local markets and contribute into a Cooperative Ad Fund for this purpose. If this is done, your Cooperative Ad Fund contribution will be credited against the local advertising requirement. The amount of required Cooperative Ad Fund contributions will be determined by us, unless we authorize the Cooperative Ad Fund to set the amount itself. If the Cooperative Ad Fund is so authorized, members of any Cooperative Ad Fund may agree (by a majority vote) to increase the Cooperative Ad Fund contribution to a rate in excess of the maximum amount that we require. If we operate a company-owned or affiliate-owned Business within a region that has formed a

Cooperative Ad Fund, the company-owned or affiliate-owned Business will contribute to such Cooperative Ad Fund on the same basis as franchisees within this region, each Business having one vote. At present, there are no Cooperative Funds in our System.

5. As part of the opening of your Franchised Business, we will conduct pre-opening and opening training and assistance. In the event you request that we conduct the initial portion of the training program at a location different from our headquarters or such other location designated by us, we reserve the right to charge you our reasonable out of pocket expenses, including, but not limited to, all transportation costs, lodging, classroom facility expenses, and a per-diem allowance of fifty dollars (\$50.00) per hour. If you request additional or supplemental training, or on-site training in connection with your opening, or at a later time, we may charge you our additional training fee, and if on-site assistance is required, our then-current per diem training fee for the additional training provided, as well as reimbursement for all out-of-pocket costs and expenses associated with the on-site additional training, including lodging, food and travel arrangements of the trainers. Additionally, we may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary) at your Franchised Business rather than at our headquarters or affiliate owned Snaggle Foot Business, and we do so, then we may charge you our then-current per diem training fee for the training we provide, and you will also have to reimburse us for all out of pocket costs and expenses described above. Our current per diem charge is \$500 per trainer (we reserve the right to change our per diem rate in the future). Our current additional training fee is \$50 per hour (we reserve the right to change this fee in the future).
6. If you desire to purchase products or equipment, supplies, services, or products (other than proprietary products) from a supplier other than our approved suppliers, we may require that samples from the supplier be delivered to us for evaluation. You must pay a charge not to exceed the reasonable cost of the evaluation.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Expenditure (Note 1)	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Franchise Fee (Note 2)	\$20,000	\$22,000	Lump sum	When you sign the Franchise Agreement	Us
Start-Up Package (Note 3)	\$0	\$0	Included in Initial Franchise Fee	See Note 2	Us
Business Licenses & Permits (Note 4)	\$10	\$250	As arranged	As incurred	Local and other state government agencies
Other Professional Fees (Note 5)	\$0	\$10,000	As arranged	As arranged	Various service providers and contractors
Computer (Note 6)	\$0	\$600	As arranged	As arranged	Suppliers
Insurance Deposit (Note 7)	\$750	\$2,500	As arranged	As arranged	Insurance providers
Initial Inventory of Supplies (Note 8)	\$400	\$600	As arranged	As incurred	Approved Suppliers
Training Expenses (Note 9)	\$100	\$1,500	As arranged	Payment terms arranged with suppliers and your employees	Suppliers

Expenditure (Note 1)	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Grand Opening Advertising (Note 10)	\$500	\$5,000	As arranged	As arranged	Suppliers
Additional Funds (for initial period of operations) (Note 11)	\$0	\$20,000	As arranged	As needed	Suppliers, employees and other creditors
TOTAL ESTIMATED INITIAL INVESTMENT	\$21,760	\$62,450			

Explanatory Notes to Item 7 Table:

1. **General** – Except as described below, all fees and amounts that you must pay to us are non-refundable. For any amounts paid to third parties, the availability and conditions under which you may obtain refunds will depend on the terms offered by those third-party suppliers. We do offer certain franchisees financing for part of the Franchise Fee. Our estimates in this Item 7 are based upon our prior experience, and our knowledge of business practices and conditions in the general marketplace. They are, however, only estimates and by their nature may change from time to time and may vary from location to location. The figures do not provide for your cash needs to cover financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location and cannot be predicted by us for your Franchised Business (and which may extend for longer than the three month “initial period” described in Note 12 of this Item 7). You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from Franchisee to Franchisee and will depend upon many factors, including the rate of growth and success of your Franchised Business, which will in turn depend upon factors such as the demographics and economic conditions in the area in which your Franchised Business is located, the presence of other Snaggle Foot Businesses, public awareness of our business, your ability to operate efficiently and in conformance with the System, and competition. Because the exact amount of reserves will vary and cannot be meaningfully estimated, we urge you to carefully review these figures and the figures you obtain from your own inquiries with an experienced business advisor, such as an accountant or consultant, or a legal advisor, such as a lawyer, before making any decision to purchase a Snaggle Foot franchise or any other franchised business.
2. **Franchise Fee** – The Franchise Fee is \$20,000 for a designated territory of up to 90,000 households. If we, at our sole option, approve a territory of more than 90,000 households, the Franchise Fee will be \$20,000 plus \$2,000 for every 10,000 households over 90,000, with no maximum Franchise Fee. The higher amount reflects the Franchise Fee for a territory of 100,000 households. We may elect to occasionally offer a discounted franchise fee to qualified franchise owners. Basis for discounts include, but are not limited to, territory location, service personnel status, pet care industry experience, and other factors which we may determine. We provide certain financing for the Franchise Fee. Please see Item 10 for additional details. The estimate assumes you will pay the entire Franchise Fee upon execution of the Franchise Agreement.
3. **Start-Up Package** – You must obtain a start-up package from us. The cost of the start-up package is included in the Franchise Fee. The start-up package includes an initial supply of our trademarked inventory and supplies, including trademarked bags, leashes and post-it notes.

4. **Business Licenses and Permits** – These are general estimates for permits and licensing that may be required by local and state governments. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Snaggle Foot Business. You will pay these fees to governmental authorities before starting business. You are solely responsible for obtaining all appropriate licenses and permits.
5. **Professional Fees** – The estimate assumes that you will choose to retain an attorney, accountant, and other consultants to help you evaluate our franchise offering and your establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Franchised Business. In addition, you may also form a corporation or other entity to operate the business. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the licensing requirements that may apply to your Franchised Business.
6. **Computer** – You must use an approved computer installed with the required software. If you do not have a computer, you will be required to purchase your computer from a third party supplier. The cost of the required software is included in your Franchise Fee.
7. **Insurance Deposit** – The estimate represents an initial deposit for the coverage necessary to operate the business. Insurance costs will vary depending upon factors such as the location of the Franchised Business and number of independent contractors or employees.
8. **Initial Inventory of Supplies** – These expenses include an initial inventory of supplies. You will need to replenish your initial inventory on an as needed basis as supplies are used. The amount and cost of your initial and subsequent orders for all of these items will vary depending on various factors, including the volume of your Franchised Business's sales. All inventory and supplies bearing our trademarks must be purchased through us. For certain other required purchases, you may, but are not required to, order certain supplies and inventory through us. We will place all such orders through our approved third-party suppliers and all supplies and inventory will be delivered to you. While we reserve the right to do so in the future, we do not receive any rebates or revenue for ordering supplies or inventory on your behalf.
9. **Training Expenses** – You will incur expenses associated with our training program. For this training program, we provide instructors and instructional materials at no charge for up to two persons, but you must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) for your trainees. As to the amounts shown, the low end of the estimate assumes that the trainees are within driving distance to the training location, and the high end assumes that other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training.
10. **Grand Opening Advertising** – This advertising and marketing promotion is intended to provide initial awareness and momentum for your new Franchised Business. You must spend a minimum of between \$500 and \$5,000 on this advertising.
11. **Additional Funds** – This total is based on our experience offering Snaggle Foot Franchised Businesses, and our franchisees' experience in operating Franchised Businesses. You will need additional capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase

of the business, which we calculate to be three months. Such amounts are the minimum recommended levels and are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the products and services offered; 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 review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. The additional funds also include the cost for optional vehicle signage.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the required methods, standards, and specifications as we may from time to time prescribe in the Manuals or otherwise in writing.

Products and Other Purchases

General

All products and services sold or offered for sale at the Franchised Business must meet our then-current standards and specifications and be approved by us. You must purchase, install, and use all equipment, supplies, computers and communications hardware and software, signs and materials as we may reasonably require in the Manuals or other written materials (collectively, “**Business Items**”). We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved Business Items, products, and other items or services necessary to operate your Franchised Business (“Approved Supplies List”). The Approved Suppliers List may list particular suppliers from which you must purchase certain inventory, supplies, fixtures or other items for use in your Franchised Business. The Approved Supplies List may include specific brands or types of supplies, products or other items that you may buy from any source provided that the items conform to the standards and specifications for the System. We, an affiliate or a third-party vendor or supplier periodically may be the only approved supplier for certain products. As of the date of this Disclosure Document, we are the only approved supplier for our proprietary online billing and scheduling application (Snaggle Foot Client Portal). As of the date of this Disclosure Document, we are also the sole supplier of the start-up package and all additional trademark branded inventory and supplies. The lists specify the suppliers and the products and services which we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists as we deem advisable.

If you desire to purchase unapproved products, (except for Proprietary Products, which are discussed below) or Business Items from other than approved suppliers, you must submit to us a written request to approve the proposed product or supplier, together with such evidence of conformity with our specifications as we reasonably require. We will have the right to require that samples from the supplier be delivered for evaluation and/or testing either to us or to an independent testing facility designated by us. You must pay a charge, not to exceed the reasonable cost of the evaluation and testing. We will use our best efforts to complete our review within ten business days. If we do not give our written approval after ten business days, it will be deemed that we have disapproved the proposed new supplier. We may, from time to time, revoke our approval of particular products, Business Items or suppliers if we determine that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved product and/or cease to purchase from any disapproved supplier.

Our specifications either: (1) are contained in the Manuals; or (2) will be provided to you upon request. We, however, have no obligation to make available to prospective suppliers the standards and specifications that we deem confidential. When approving suppliers, we consider whether they demonstrate the ability to meet our standards and specification and whether they possess adequate quality controls and capacity to supply your needs promptly and reliably. However, our approval may be withheld for any reason. We estimate that your purchases from approved suppliers will represent approximately 10% to 20% of your total purchases in establishing the Franchised Business, and approximately 5% to 15% in the continuing operation of the Franchised Business. We also estimate that your purchases that must conform to our specifications will represent approximately 10% to 20% of your total purchases in establishing the Franchised Business, and approximately 5% to 15% of your total purchases in the continuing operation of the Franchised Business.

We may establish strategic alliances, preferred vendor programs, supply contracts or purchase arrangements with suppliers that are willing to supply some products, equipment, services, or other items to some or all of the Businesses in our System that will benefit us and our franchisees. If we do establish those types of alliances, programs or arrangements, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would not be in the best interests of the System or the franchised network of Businesses. There are currently no purchasing or distribution cooperatives in our System. There are currently no suppliers in which Snaggle Foot LLC, or any officer of, or other person affiliated with, Snaggle Foot LLC owns any interest.

During our last fiscal year ending December 31, 2022, we did not receive any rebates from suppliers based upon purchases made by our franchisees, but we reserve the right to do so in the future. If we do receive such payments from suppliers, we may use the amounts that we receive for any purpose that we deem appropriate. During our last fiscal year ending December 31, 2022, we received no revenue from purchases made by our franchisees.

Proprietary Products

We may, in the future, develop Proprietary Products that will be offered and sold in Snaggle Foot Businesses that are manufactured in accordance with our proprietary recipes and/or specifications. In order to maintain the high standards of quality and uniformity associated with Proprietary Products sold at all Snaggle Foot Businesses in the System, you must purchase Proprietary Products only from the suppliers and distributors that we designate, and you may not offer or sell any Proprietary Products that have not been purchased from us or our designated supplier at or from the Franchised Business. We will have the right to periodically introduce additional Proprietary Products, or to withdraw Proprietary Products.

We provide no material benefits to franchisees (for example, renewal or granting additional franchises) based on their use of designated or approved suppliers.

Insurance

You also must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business. Required insurance will include, but not be limited to, comprehensive general liability coverage, including employment practices coverage; personal injury coverage; automobile coverage, including

underinsured or uninsured coverage; business interruption insurance; and property damage coverage. All policies must be written by a responsible carrier or carriers whom we determine to be acceptable, must name us and our officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manuals. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Snaggle Foot Businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s).

Presently, we require you to maintain at least the following minimum insurance amounts: (1) worker's compensation and employer's liability insurance, as well as any other insurance required by law; (2) comprehensive general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 general aggregate, including the following coverages: personal injury; employment practices; and products/completed operation; (3) dishonesty or fidelity bond; and (4) automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1,000,000 combined single limit.

Advertising

We must review and approve all marketing plans and promotional materials that you propose to use. You may not implement any marketing plan or use any promotional material without our prior written consent. For each occurrence of any use of unapproved advertising and promotional material(s), we will impose a \$250 fee, which will be added to your required Advertising Obligation to the System Ad Fund.

You must obtain a start-up package from us. The cost of the start-up package is included in the Franchise Fee. The start-up package includes an initial supply of our trademarked inventory and supplies, including trademarked bags, leashes and post-it notes.

ITEM 9 **FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(a) Site selection and acquisition / lease	N/A	11
(b) Pre-opening purchases/leases	N/A	8 and 11
(c) Site development and other pre-opening requirements	N/A	11
(d) Initial and ongoing training	Section 5	6, 7 and 11
(e) Opening	Section 7	7, 8 and 11
(f) Fees	Sections 4 and 12	5, 6 and 7
(g) Compliance with standards and policies/Operating Manual	Sections 7, 9, and 12	8, 11, and 14
(h) Trademarks and proprietary information	Sections 7.7, 7.10, 8, and 9.2	13 and 14
(i) Restrictions on products/services offered	Sections 7.6 and 7.7	5, 8 and 16
(j) Warranty and customer service requirements	Sections 7.8 and 22	16
(k) Territorial development and sales quotas	Section 1 and Exhibit A	12
(l) On-going product/service purchases	Section 7	8
(m) Maintenance, appearance and remodeling requirements	N/A	N/A
(n) Insurance	Section 13	7 and 8

Obligation	Section(s) in Franchise Agreement	Item in Disclosure Document
(o) Advertising	Section 12	6, 7, 8, and 11
(p) Indemnification	Section 20.4	None
(q) Owner's participation / management and staffing	Sections 7.3 and 7.4	15
(r) Records/reports	Section 11	6
(s) Inspections/audits	Section 7.9	6 and 11
(t) Transfer	Section 14	17
(u) Renewal	Section 2.2	17
(v) Post-termination obligations	Sections 16 and 17.3	17
(w) Non-competition covenants	Section 17	17
(x) Dispute resolution	Section 26	17
(y) Liquidated Damages	None	N/A

ITEM 10 **FINANCING**

Item Financed	Source of Financing	Down Payment	Amount Financed	Term	APR %	Monthly Payment	Pre-payment Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Franchise Fee (1)	Us	50% of the Franchise Fee (2)	50% of the Franchise Fee	15 months	8.99%	12 monthly payments (2)	No (3)	Yes. Personal Guarantee (4)	Yes (5)	Yes (6)

(1) We will finance up to 50% of the Franchise Fee for qualified individuals. Factors affecting financing approval include good credit, our financial needs and standards, and other possible factors. We will offer financing on a Promissory Note (a copy of which is attached as Exhibit G to the Franchise Agreement). The Note will consist of financing over a 15 month period at an annual interest rate of 8.99%. We reserve the right to modify or cancel our financing program at any time. Any additional financing for working capital or additional investment is your responsibility to obtain from other lending sources. We do not intend to sell, assign or discount the prospective promissory notes to a third party.

(2) You must be able to pay 50% of the Franchise Fee at the time you sign the Franchise Agreement. The first payment under the Promissory Note will not be due until 3 months after you sign the Franchise Agreement and the installment payments will consist of a fixed payment each month.

(3) The Promissory Note can be paid in part or in whole at any time without penalty.

(4) We require each Promissory Note to be personally guaranteed by the individual owner(s) of the Franchisee.

(5) We will have the right to demand immediate payment if you fail to make any installment payment on time as further stated in the Promissory Note. We will also have the right to terminate the Franchise Agreement if you fail to make an installment payment in accordance with the Promissory Note. A default of the Promissory Note will be a default of your Franchise Agreement.

(6) Under the terms of the Promissory Note you waive trial by jury and the right to interpose any defense, set-off or counterclaim of any nature or description.

Except as described in this Item 10, we do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligation.

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

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

Pre-opening Obligations

Before you open your Franchised Business we will:

1. Designate your Territory. (Franchise Agreement, Sections 1.1 and 1.2 and Exhibit A to the Franchise Agreement). We anticipate that in most cases you will operate the Franchised Business from your home.
2. Provide you with our standard initial training program for up to two persons. (Franchise Agreement, Sections 3.2, 5)
3. Provide pre-opening and opening supervision and assistance. (Franchise Agreement, Section 3.2)
4. Lend you, for the duration of the Franchise Agreement, a copy of the Manual. (Franchise Agreement, Section 3.3)
5. Assist you in developing a Grand Opening Advertising Program. (Franchise Agreement, Sections 3.5, 12.5)
6. Provide you a list of our then-current designated or approved suppliers. (Franchise Agreement, Section 3.8)
7. Provide you with a start-up package, the cost of which is included in the Franchise Fee. The start-up package includes an initial supply of our trademarked inventory and supplies, including trademarked bags, leashes and post-it notes. (Franchise Agreement Section 3.9)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Obligations

During the operation of your Franchised Business we will:

1. Conduct, as we deem advisable, periodic assessment of the Franchised Business and may provide evaluations of the services rendered at the Franchised Business. (Franchise Agreement, Sections 3.7, 7.9)
2. Make available additional training programs, as we deem appropriate. (Franchise Agreement, Sections 5.3, 56.)
3. Give you periodic and continuing advisory assistance as to the operation and promotion of the Franchised Business, as we deem advisable. (Franchise Agreement, Section 3.6)
4. Establish and administer the System Ad Fund. (Franchise Agreement, Section 12.2)

The Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business.

Opening of Franchised Business

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately one (1) to six (6) months. Some factors which may affect this timing are your ability to secure financing for your Franchised Business, and to complete our training program and other pre-opening requirements. Unless we agree in writing otherwise, you must conduct the opening of your Franchised Business within six (6) months of signing the Franchise Agreement or we have the right to terminate the Franchise Agreement and provide you with no refund of the Franchise Fee.

Computer System

You must acquire a computer hardware and software system (a “Computer System”) that we designate. The term Computer System refers to hardware, software for the management and operation of the Franchised Business and for reporting and sharing information with us. As of the date of this Disclosure Document, we require that your Computer System has the capability to access the internet and IPS services through the Mozilla Firefox browser program. Your Computer System also must maintain anti-virus software (such as McAfee or Avast). You will be required to maintain a high-speed internet connection at all times (i.e., T1 line, DSL, cable modem). Our requirements for the Computer System may fluctuate as does the price and availability of new computer technology. Currently, we estimate that the initial cost for the Computer System will be \$0 to \$600.

You will also be required to use the software we designate. Currently our software includes the Snaggle Foot Client Portal, Social Media Software, and Snaggle Foot Central. The cost of this software is included in the Franchise Fee, but we reserve the right to charge for it separately in the future. Training related to this software will be provided during your initial training program. We may require you to purchase additional equipment depending on the size and configuration of your Franchised Business. For example, you must use QuickBooks, Microsoft Office Suite, and other software applications on your computer. Our technology requirements may fluctuate as does the price and availability of new computer technology.

The software that we currently use is not proprietary to us but is proprietary property to our software vendors. We reserve the right to require you to maintain contracts for software maintenance, support and upgrade services for your computer, however, currently, we do not require such coverage. We reserve the right to change our specifications in the future to take advantage of technological advances or to adapt the system to meet operational needs and changes. We may require you to bring any computer hardware and software, related peripheral equipment, communications systems into conformity with our then-current standards for new Snaggle Foot Businesses. In connection with a proprietary program, we or our approved vendor may require you to sign a license or maintenance agreement in order to obtain and use the proprietary program. Other than providing you with information regarding our specifications and requirements for your computer, we are not required to assist you in obtaining hardware, software or related services. We have not approved any hardware or software in place of these systems and programs other than as described above, and we reserve the right to require approved hardware and additional software in the future. We will endeavor to keep these changes infrequent and reasonable in cost, but the Franchise Agreement does not impose a limit as to the number or cost of such changes to the computer.

You must provide us with independent access to your computer in the form and manner that we may request from time to time. We reserve the right to download sales, other data and communications

from your computer. There is no contractual limitation on our right to receive this information. We will exclusively own all data provided by you, downloaded from your computer, and otherwise collected from your computer. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website, web page(s), or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign. (Franchise Agreement, Section 6.5)

Advertising

We reserve the right to require you to expend on advertising and promotion, or to participate in and contribute for the purpose of advertising and promotion, each year during the term of the Franchise Agreement (the “Advertising Obligations”). We have the right to require you to spend money on local advertising and promotion, contribute to the System Ad Fund, and/or contribute to a Cooperative Fund. We will determine what proportion of the Advertising Obligations you must: (1) contribute to a fund for the system-wide advertising, promotion and marketing of the System (the “System Ad Fund”); (2) contribute to a regional or market advertising fund (if one is established for your region (a “Cooperative Fund”)); or (3) spend on “local advertising and promotion.” No matter how we determine to split your Advertising Obligations, the total amount you must pay or spend on all Advertising Obligations will not exceed 3% of the Net Sales of your Franchised Business unless the Cooperative Ad Fund you must contribute to chooses a contribution that would cause your Advertising Obligations to exceed 3%.

System Ad Fund

Under the Franchise Agreement, each month you must pay us a System Ad Fund fee equal to 2% of your Net Sales. We expect that we will typically disseminate advertising in one or more of print, radio, television or other electronic media. During our last fiscal year ending December 31, 2022, the System Ad Fund, controlled by Snaggle Foot LLC, spent approximately 24% of its income on production of advertisements and promotional materials and campaigns, 22% on administrative expenses, and 54% on media placement. Currently, company-owned and affiliate-owned Snaggle Foot Businesses are required to contribute to the System Ad Fund on the same basis as franchisees. We (or our designee, which might be a corporate subsidiary or an advertising agency or consulting firm) will maintain and administer the System Ad Fund, as follows:

- (a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. We currently utilize an in-house advertising department for the production of certain advertisements, namely print ads and electronic advertisements. We do not currently utilize the services of any outside advertising agency, but may in the future. The System Ad Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the System Ad Fund. Expenditures from the System Ad Fund will be used for advertising programs within the territories of currently operating franchisees.
- (b) The System Ad Fund, and all contributions to and earnings from the System Ad Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will

enhance the System's image and promote general public awareness of and favorable support for the System. This includes, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; developing and maintaining our Website (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Snaggle Foot Businesses operated under the System. Such advertising and media coverage is currently aimed towards local franchise operations, although we may choose to utilize regional advertising in the future.

- (c) You must contribute to the System Ad Fund at the same time as the Royalty Fee is due. All sums you pay to the System Ad Fund will be maintained in an account separate from our other monies. At your request, we will provide you with an unaudited annual accounting of System Ad Fund receipts and disbursements. The System Ad Fund is not and will not be our asset, and we or our designee will maintain separate bookkeeping accounts for the System Ad Fund. We will have the right to charge the System Ad Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the System Ad Fund and advertising programs for you and the System (for example, salaries, costs of our personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs). The System Ad Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises.
- (d) We may make available to franchisees, from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the System Ad Fund. Additionally, we may sell such items to franchisees in the System at a reasonable price, and any proceeds from any those sales will be contributed to the System Ad Fund.
- (e) If all of the money in the System Ad Fund is not used in the year in which it is received, these amounts will be used in the next fiscal year. Although the System Ad Fund is intended to be of perpetual duration, we maintain the right to terminate the System Ad Fund. The System Ad Fund will not be terminated, however, until all monies in the System Ad Fund have been spent for advertising or promotional purposes.

Cooperative Fund

We will have the right, as we see fit, to establish a Cooperative Fund for your region, or we may approve of a Cooperative Fund that has been organized by franchisees in a region. The purpose of a Cooperative Fund is to conduct advertising campaigns for the Businesses located in that region. Contributions to a Cooperative Fund will not exceed the total Advertising Obligation unless the Cooperative votes to exceed such amount. Any amounts paid to a Cooperative Fund will count as part of your local advertising and promotion requirement. As of the date of this Disclosure Document, there are no Cooperative Funds in existence.

If a Cooperative Fund for your area was established before you began to operate your Franchised Business, then when you open your Franchised Business, you must immediately join that Cooperative Fund. If a Cooperative Fund for your area is established after you begin to operate your Franchised Business, then you will have 30 days to join the new Cooperative Fund. An individual Snaggle Foot Business will not be required to be a member of more than one Cooperative Fund. If we (or an affiliate) contribute to a

Cooperative Fund, we will have the same voting rights for our Businesses as do our franchisees with respect to their Businesses.

The following provisions will apply to each Cooperative Fund (if and when organized):

- (a) Cooperative Funds will be established, organized, and governed in the form and manner that we have approved in advance in writing.
- (b) Cooperative Funds will be organized according to written governing documents for the exclusive purpose of administering regional advertising programs and developing (subject to our approval) standardized promotional materials for use by the members in local advertising and promotion.
- (c) Cooperative Funds may not use advertising, promotional plans, or materials without our prior written approval.
- (d) You must submit your required contribution to the Cooperative Fund according to the schedule we designate for the Cooperative Fund. At the same time, you will have to submit the reports that we or the Cooperative Fund require. We may require you to submit this payment by EFT or by check. We also may require that your payments and reports to the Cooperative Fund be made to us for distribution to the Cooperative Fund.
- (e) We maintain the right to terminate any Cooperative Fund. A Cooperative Fund will not be terminated, however, until all monies in that Cooperative Fund have been expended for advertising or promotional purposes; unless there are no remaining Businesses in the Cooperative Fund, in which event, we will transfer the remaining monies to the System Ad Fund.

Local Advertising and Promotion

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You, or any Cooperative Fund, may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials. You are required to obtain our approval of the prices you intend to charge, as we provide recommendations and assistance in setting prices for services in your territory. We do not, however, set minimum or maximum prices for the services you provide. If we do not give our written disapproval within five business days, we will have been deemed to have approved the plans or materials.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, will also apply to any Cooperative Funds.)

In addition to (and not in place of) the Advertising Obligations, you must prepare and conduct a grand opening advertising program (the “**Grand Opening Advertising Program**”), in accordance with our specifications for that program. All materials used in the Grand Opening Advertising Program will be subject to our prior written approval, as described above. We will work with you to develop your Grand Opening Advertising Program for your market. We or approved suppliers may periodically make available

to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term “**local advertising and promotion**” refers to only the costs of purchasing and producing advertising materials (such as camera-ready advertising), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. “Advertising and sales promotion” does not, however, include any of the following: salaries and expenses of your employees; charitable, political, or other contributions or donations; and the value of discounts given to customers.

Advisory Council

We may form an advisory council made up of franchisees and franchisor representatives. Franchisees will be chosen to participate in the council based on, in part, performance and length of time in the System. The advisory council will act in an advisory capacity only and will not have decision making authority.

Training

Before your Franchised Business opens, you must complete all of our initial training requirements. Your Designated Principal must attend and successfully complete, to our satisfaction, the initial training program that we offer at a location designated by us. Additionally, we may also require that other persons, up to a total of two individuals (including the Designated Principal), attend and successfully complete the initial training program. We will bear the cost of all training (instruction and required materials) for the initial training program and all other training, except as described below regarding additional training and assistance that we provide at your Franchised Business. You will bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker’s compensation insurance.

If your Designated Principal ceases active involvement in the Franchised Business, then you must enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program. The replacement Designated Principal shall complete the initial training program as soon as is practicable, but in no event later than any time periods we specify from time to time in the Manuals and otherwise in writing. We have the right to review any personnel you trained and to require that such persons attend and complete, to our satisfaction, our initial training program.

As part of the opening of your Franchised Business, we will conduct pre-opening training and opening assistance. During this pre-opening training, our representative will assist you in establishing and standardizing procedures and techniques essential to the operation of a Snaggle Foot Business. The initial portion of this training will be conducted using regularly scheduled online sessions and on-site training (for a period of 2 to 3 days) held at our corporate headquarters in Minneapolis, Minnesota or at such other locations as we may designate. In the event you request that we conduct the initial portion of the training program at a location different from our headquarters or such other location designated by us, we reserve the right to charge you our reasonable out of pocket expenses, including, but not limited to, travel costs, lodging, and classroom facility expenses, and a per-diem food allowance of fifty dollars (\$50.00). You will also receive software implementation training which we will conduct online from our headquarters to your home office via the telephone and computer access. The length of your in-person training at our headquarters will largely depend on your comprehension of the material covered during your online training. We will not be responsible for training or offering guidance with respect to compliance with any

laws, ordinance or other legal matters. If you request additional or supplemental training, or on-site training in connection with your opening, or at a later time, we may charge you our additional training fee, and if on-site assistance is required, our then-current per diem training fee for the additional training provided, as well as reimbursement for all out of pocket costs and expenses associated with the on-site additional training, including lodging, food and travel arrangements of the trainers. Additionally, we may require that you complete refresher and additional training programs, and we may offer the programs on a voluntary basis. If you request that we conduct any additional training sessions (required or voluntary) at your Franchised Business rather than at our headquarters, and we do so, then we may charge you our then-current per diem training fee for the training we provide, and you will also have to reimburse us for all out of pocket costs and expenses described above.

The subjects covered in the initial training program are described below. We currently anticipate that you, or the Designated Principal, will receive a minimum of two to three days of training. The materials for the training will be provided through our Manuals, handouts and use of other presentation tools. We have the right to change the duration and content of our initial training program.

TRAINING PROGRAM

Subject:	Hours of Classroom Training:	Hours of On-The-Job Training:	Location:
Pet CPR & First Aid: How to handle emergency situations with pets, administering medications, performing CPR on dogs and cats, first aid procedures, avoiding accidents and distressing situations with pets	2 ½ -3 Hours		Online
Getting Started: Setting up a home office, supplies needed in the field, setting up a business, acquiring proper permits and licensing, required documents and legalities	1-2 Hours		Minneapolis, MN
About our Services: Instructional overview of our service offerings, pricing strategies and suggestions, client policies and legalities	2-3 Hours		Minneapolis, MN
Marketing and Advertising: Methods of advertising, effective marketing strategies, evaluating market conditions, assessing competition, and understanding the marketplace	2-3 Hours		Minneapolis, MN
Safety: Emergency situations while on the job, meeting with new clients, how to handle dog fights and aggressive pets, uncomfortable situations	1-2 Hours		Minneapolis, MN
New Client Procedures: Client relations, new client interviews, handling keys, payment methods, declining service	2-3 Hours		Minneapolis, MN
Visits: Video and field training on conducting all types of visits, dog handling techniques, tips for great service	3-4 Hours		Online and Minneapolis, MN
Hiring Help: Avenues for finding dependable staff members, delegating work, hiring policies, and state-specific legalities of employment	2-3 Hours		Minneapolis, MN
Accounting 101: Methods and processes used in bookkeeping and accounting for business owners. General ledgers, account types, financial reporting, preparing for taxes.	2-3 Hours		Minneapolis, MN

Subject:	Hours of Classroom Training:	Hours of On-The-Job Training:	Location:
Scheduling Program: Instructional and hands-on learning for our scheduling program. Practice account established for continual practice.	2-4 Hours		Online Training & Minneapolis, MN
Help from the Franchisor: Support systems, contact details, resources, additional training information.	1 Hour		Minneapolis, MN
Conclusion/Evaluation: Wrap-up, conclusion, and evaluation. Franchisee preparedness exam and survey.	1-3 Hours		Minneapolis, MN
TOTAL	2 - 3 Days		

Currently, our training staff is run by Mr. Micheal Johnson, our Director of Franchise Operations and Development since October 2014. The training program utilizes hands-on instruction in dog handling techniques, classroom instruction, and the use of certain training videos and presentations.

We haven't used any additional instructors to conduct our training programs, although we may choose to do so in the future.

Additionally, we may require that you, your Designated Principal and/or your managers attend such refresher courses, seminars, and other training programs as we may require from time to time, provided that required refresher and additional training will not exceed (a) four days (per trainee) each year at our headquarters, and (b) three days (per trainee) each year to attend a convention for the franchise system. We may offer voluntary training programs. If these refresher and additional training programs are conducted at our headquarters in Minneapolis, MN we will bear the costs associated with providing these training programs; provided you must pay all of your travel and accommodation costs and expenses to attend these training programs. However, if you request that we provide any of this training at your Franchised Business, and we do so, we may charge you our then-current per diem training fee for the additional training provided; and you will also have to reimburse us for all out of pocket costs and expenses associated with the additional training, including lodging, food and travel arrangement of the trainers.

Manuals

You will be required to comply with all of the required specifications, procedures, and standards set out in our Manuals. The Manuals also contain recommended practices, policies and guidelines that you may, but are not required to, incorporate into the operation of your Franchised Business. The table of contents to our Manuals is contained in Exhibit 7.

ITEM 12 **TERRITORY**

Your Franchise Agreement will specify a Territory for your Franchised Business. The size and scope of the Territory will be contained in the Franchise Agreement and will be determined by us based upon various factors such as (a) whether the Territory is an urban area or a suburban area; (b) the number of residents living in the area; and (c) the number of competitive businesses in the area; among other factors. Your Territory may be defined by ZIP codes, county or city boundaries, or fixed geographical boundaries such as rivers, streets or highways, or may be identified by a map. When determining the Territory, we generally use demographic statistics provided by the U.S. Census Bureau. Your Territory will generally consist of between 70,000 and 90,000 households.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Snaggle Foot Business in your Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. Your rights to your Territory are not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Franchise Agreement. There are no circumstances under which the Territory may be altered prior to expiration or termination of the Franchise Agreement, unless we and you mutually agree to do so.

If, during the term of the Franchise Agreement, you wish to relocate your Franchised Business, you must submit to us in writing the materials required in order to consider your request, including information concerning the proposed new Territory for the Franchised Business and reimburse us for any costs and expenses we incur. You must also meet certain other requirements, including but not limited to being in compliance with the Franchise Agreement and the Territory meets our then-current requirements for a Snaggle Foot Business.

You may offer and sell products and/or services only to those customers who live in your Territory. You may not offer or sell products and services to customers located inside the territory of another franchisee. If you would like to offer and sell products and/or services to customers outside the Territory, you must obtain our prior written consent. If you are doing business outside your Territory and the area in which you are doing business is sold to another Snaggle Foot franchisee, you must cease selling products and services to clients within this area, and surrender your client list related to this area to the new franchisee. In the alternative, you may purchase this area by signing a new franchise agreement for this new Territory and paying our standard franchise fee. We do not grant first rights of refusal to franchisees for additional territories.

You may not engage in any promotional activities, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere, unless you have obtained our prior written consent. You may not place advertisements in printed media or on television and radio that are targeted to customers and prospective customers within the Territory of another Snaggle Foot Business or outside of your designated Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell products to any business or other customer for resale purposes.

Although we have not done so, we and any affiliate we may form, may sell products under the Proprietary Marks within and outside your Territory through any method of distribution other than a Snaggle Foot Business, including sales through such channels of distribution as the Internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. We are under no obligation to compensate you for soliciting or accepting orders from inside your territory. We have not yet established other franchises or company-owned or affiliate-owned outlets or alternative distribution channels selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent. Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses which sell the Proprietary Products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

There is a 5% minimum annual sales growth requirement that you must meet in order to maintain your Territory (“Minimum Sales Growth”). Following your first thirty-six (36) months of operation, and for each month remaining under the term of the Franchise Agreement, you must pay us at least \$100 per month in Royalty Fees, Technology Fees, and Advertising Contributions (the “Minimum Fee Amount”). If you do not achieve the required Minimum Fee Amount for any month during the term of the Franchise Agreement after your first thirty-six (36) months of operation, we will collect a shortfall fee from you equal to the difference between the amount of Royalty Fees, Technology Fees, and Advertising Contributions you should have paid had you achieved the Minimum Fee Amount for that month and the actual Royalty Fees, Technology Fees, and Advertising Contributions you paid to us during the month (the “Shortfall Fee”).

You understand that meeting the Minimum Fee Amount does not suggest that you are sufficiently penetrating the market in your Territory or that the Franchised Business will be successful. Rather, the Minimum Fee Amount is a threshold minimum amount. The Minimum Fee Amount applicable to your Franchised Business may vary from the performance standards applicable to other franchised locations due to geographic area and other variables. If you fail to meet the Minimum Sales Growth requirement, we will have the right, at our option, to modify your Territory or terminate your Franchise Agreement.

Our Reserved Rights under the Franchise Agreement


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

- (1) We may own, acquire, establish, and/or operate and license others to establish and operate businesses, including Snaggle Foot Businesses operating under the Proprietary Marks and the System selling the Products at any location outside your Territory regardless of their proximity to, or potential impact on, your Territory or Franchised Businesses.
- (2) We may own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from the Franchised Business, at any location within or outside the Territory, notwithstanding their proximity to the Territory or their actual or threatened impact on sales of the Franchised Business.
- (3) We may sell and distribute, directly or indirectly, or license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through wholesalers, distributors, grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, the Internet, or other alternative distribution channels, including those products bearing our Proprietary Marks, provided that distribution within the Territory shall not be from a Snaggle Foot Business established under the System that is physically located within the Territory.

Additionally, during the term of your Franchise Agreement, we may (i) acquire one or more retail businesses that are the same as, or similar to, Snaggle Foot Businesses then operating under the System (each an “**Acquired Business**”), which may be at any location within or outside the Territory, notwithstanding their proximity to the Territory or their actual or threatened impact on sales of the Franchised Business, and we may (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Snaggle Foot Business under the System at any location, within or outside the Territory.

ITEM 13
TRADEMARKS

The Franchise Agreement will allow you to use the Proprietary Marks for your Franchised Business. Snaggle Foot LLC, is the owner of the Proprietary Marks. It has registered the following Proprietary Mark on the Principal Register of the USPTO:

Proprietary Mark	Registration Number	Registration Date
	3495094	September 2, 2008
“Snaggle Foot”	3797217	June 1, 2010

There are currently no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or the trademark authorities of any state or court concerning the Proprietary Marks. We have filed all required affidavits and renewals.

Currently, there is no pending infringement, opposition or cancellation proceeding regarding our Proprietary Marks, nor is there pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state.

We do not know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement. If there is any litigation due to your use of the Proprietary Marks, you must execute all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action. Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs, except that you will bear the salary costs of your employees.

There are no agreements currently in effect which limit our rights to use or license the use of any Proprietary Mark. We reserve the right to substitute different proprietary marks for use in identifying the System and businesses operating under it if we, in our sole discretion, determine that substitution of different marks as Proprietary Marks will be beneficial to the System. You must promptly implement any substitution of new Proprietary Marks.

If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Proprietary Marks and/or use one or more additional or substitute trade or service marks, you must comply

with our directions within 30 days after receiving notice. We will not be obligated to reimburse you for any cost attributable to or associated with any modified or discontinued Proprietary Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents or pending patent applications are material to the operation of your Franchised Business.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Snaggle Foot Businesses, including the Manuals, advertising and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

All rights, title, and interest in advertising and promotional materials that you develop or prepare (or that are prepared by someone on your behalf) or that bear any Proprietary Marks will belong to us. You must sign any documents we reasonably deem necessary to evidence our right, title, and interest in and to any advertising and promotional materials. We will have the right to use these materials and to provide them to other franchisees and System Ad Funds and programs of the System, without compensation to you, regardless of how the materials were developed. Additionally, we may from time to time require that you sign a license agreement for the use of proprietary materials that we provide to you in an electronic format.

Confidential Information

Except for the purpose of operating the Franchised Business under a Franchise Agreement, you may not, during Franchise Agreement's term or later, communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the development and operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of a Snaggle Foot Business. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any information, knowledge, know-how, and techniques that we designate as confidential will be deemed "confidential" for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Designated Principal, other owners, managers, and your employees with access to confidential information to sign confidentiality and non-competition agreements or obligate themselves to such covenants. Each of these covenants must provide that the person signing

will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Franchised Business. These agreements must be in a form that we find satisfactory, and in some cases include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current forms of these agreements are included as Exhibit C and Exhibit E to the Franchise Agreement.

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

If the Designated Principal fails to satisfactorily complete our initial training program, you must designate a replacement Designated Principal as soon as is practical, who is acceptable to us and who satisfactorily completes our training program. We may require you to reimburse our training costs.

Under the Franchise Agreement, you (or, if you are an entity, your Designated Principal) must be involved in the general oversight and management of the operations of the Franchised Business.

The Designated Principal must have at least 51% equity interest in the franchise, if the franchisee is a business entity.

Under the Franchise Agreement, if you are other than an individual, we may require that your owners personally sign a guaranty, indemnification and acknowledgement (in the form included as Exhibit C to the Franchise Agreement), guarantying and acknowledging the legal entity's covenants and obligations under the Franchise Agreement. If you sign the Franchise Agreement as an individual, your immediate family defined as your spouse and domestic partner) must sign the guaranty, indemnification and acknowledgement (in the form included as Exhibit C to the Franchise Agreement), guarantying and acknowledging your covenants and obligations under the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that we have approved in writing and which conform to our required standards and specifications. We have the right, without limit, to change the types of authorized products and services. You must carry and sell all products and services that we approve and specify to be offered by all Snaggle Foot Businesses, unless we otherwise provide our written approval.

You may only offer and sell products and services to customers within your Territory. Except as described in this Item 16, you may not engage in any other type of sale, offer to sell, or distribution of products, except with our prior written consent. For example, you may not sell products to third parties at wholesale, or for resale or distribution by any third party, or by catalog, mail, toll free numbers, or by use of the Internet.

You must not use the Franchised Business for any other business or operation or for any other purpose or activity at any time without first obtaining our prior written consent. You must keep the Franchised Business open and in normal operation for the minimum hours and days as we may specify. You must operate the Franchised Business in strict conformity with the methods, standards, and specifications as we prescribe in the Manuals or in writing.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section(s) in Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.1	10 years.
(b) Renewal or extension of the term	Section 2.2	One renewal term of 10 years.
(c) Requirements for franchisee to renew or extend	Section 2.2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, mutual release, sign new Franchise Agreement, and pay renewal fee. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you will be asked to sign a new Franchise Agreement that contains terms and conditions materially different from those in your previous Franchise Agreement, such as different fee requirements and different territorial rights.
(d) Termination by franchisee	Section 15.6	You may terminate only if we default and fail to cure that default within 60 days of written notice from you (subject to state law).
(e) Termination by franchisor without cause	None	Not applicable
(f) Termination by franchisor with cause	Section 15	We may terminate only if you default.
(g) “Cause” defined – defaults which can be cured	Sections 15.3 and 15.4	Failure to comply with the terms of the Franchise Agreement, failure to timely pay monies when due.
(h) “Cause” defined – non-curable defaults	Sections 15.1 and 15.2	Bankruptcy, abandonment, conviction of felony, misrepresentation when applying for a franchise, unauthorized assignment.
(i) Franchisee’s obligations on termination/non-renewal	Section 16	Cease operating the Franchised Business, payment of amounts due, return of manuals, cease use of the trademarks
(j) Assignment of contract by franchisor	Section 14.1	There are no limits on our right to assign the Franchise Agreement.
(k) “Transfer” by franchisee - defined	Section 14.2	Includes transfer of any interest.
(l) Franchisor approval of transfer by franchisee	Section 14.2	We have the right to approve transfers and can apply standards to determine (for example) whether the proposed transferee meets our requirements for a new franchisee.
(m) Conditions for franchisor approval of transfer	Sections 14.3 and 14.4	Release, signature of new Franchise Agreement, payment of transfer fee.
(n) Franchisor’s right of first refusal to acquire franchisee’s business	Section 14.6	We can match any offer.
(o) Franchisor’s option to purchase franchisee’s business	None	Not Applicable
(p) Death or disability of franchisee	Sections 14.7 and 14.8	Your estate must transfer your interest in the Franchised Business to a third party we have approved, within a year after death or six months after the onset of disability.

Provision	Section(s) in Franchise Agreement	Summary
(q) Non-competition covenants during the term of the franchise	Sections 17.2 and 17.5	Includes prohibition on engaging in any other business offering similar products, and soliciting or diverting customers to other businesses (subject to state law).
(r) Non-competition covenants after the franchise is terminated or expires	Sections 17.3 and 17.5	Includes a two year prohibition similar to “q” (above), within the Territory, or within 25 miles of the outer boundary of the Territory or the outer boundary of the territory of any other Snaggle Foot Business in operation on the effective date of termination or expiration located anywhere (subject to state law).
(s) Modification of the agreement	Section 24	No modifications generally, except in writing signed by the parties. We may modify the Operations Manuals, Proprietary Marks, System and goods/services to be offered by your Business. Must be in writing signed by both parties.
(t) Integration/merger clause	Section 24	Only the terms of the Franchise Agreement are binding. Any other promises and representations made outside the Franchise Agreement or this Disclosure Document may not be enforceable (subject to state law).
(u) Dispute resolution by arbitration or mediation	Sections 26.2 and 26.3	Except for certain claims, mediation and arbitration will occur in the city where our then current principal place of business is located (currently, Minneapolis, MN) (subject to state law).
(v) Choice of forum	Section 26.4	All litigation proceedings must be conducted in the city of our then current principal place of business (currently, Minneapolis MN) (subject to state law).
(w) Choice of law	Section 26.1	Minnesota (subject to state law).

ITEM 18 **PUBLIC FIGURES**

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

ITEM 19 **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The financial performance representation included in this Item 19 is a historic representation of the Snaggle Foot system’s outlets. The information provided below represents the actual Net Sales earned by 11 of our Snaggle Foot Franchised Businesses that operated for each of the entire twelve (12) month periods from January 1, 2020 through December 31, 2020 (the “2020 Fiscal Year”), from January 1, 2021 through December 31, 2021 (the “2021 Fiscal Year”), and from January 1, 2022 through December 31, 2022 (the “2022 Fiscal Year”).

The financial performance information presented below is based on the information that is reported to us by our franchisees. We have not audited this information for purposes of this Item 19.

ACTUAL NET SALES OF SNAGGLE FOOT BUSINESSES

Snaggle Foot Business	Net Sales 2020 Fiscal Year	Net Sales 2021 Fiscal Year	Net Sales 2022 Fiscal Year
1.	\$89,593.25	\$60,385.53	\$81,491.75
2.	\$73,816.00	\$74,013.75	\$107,937.80
3.	\$18,758.50	\$19,017.00	\$19,622.00
4.	\$28,775.20	\$46,303.00	\$41,773.90
5.	\$41,948.20	\$61,073.68	\$98,374.98
6.	\$188,590.00	\$193,519.26	\$242,292.61
7.	\$56,320.50	\$68,868.00	\$72,041.00
8.	\$21,097.00	\$26,566.00	\$30,721.00
9.	\$92,818.24	\$130,145.21	\$181,534.57
10.	\$59,587.98	\$68,169.40	\$65,384.00
11.	\$32,081.50	\$34,908.00	\$44,050.00

The following table shows the average, median, and low/high range of net sales for the 11 Snaggle Foot Franchised Businesses that operated for the entire 2022, 2021, and 2020 Fiscal Years.

Fiscal Year	Number of Franchises	Average Net Sales For Fiscal Year	Number and Percentage of Franchisees that Attained or Exceeded Average Net Sales	Median	Low/High Range
2022	11	89,565.78	4(36.36%)	72,041.00	\$19,622.00 to \$242,293.00
2021	11	\$71,178.98	3 (27.27%)	\$61,073.68	\$19,017.00 to \$193,519.26
2020	12*	\$60,008	4 (33%)	\$49,134	\$16,707 to \$188,590

*One franchisee elected not to renew in 2021.

NOTES:

- (1) As used in this Item 19, “Net Sales” means all revenue related to the Snaggle Foot Business (excluding customer refunds and sales taxes collected and remitted to the proper authorities).
- (2) **Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much.**
- (3) Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.
- (4) Other than the preceding financial performance representation, Snaggle Foot LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Micheal Johnson at 23850 Pioneer Trail

Loretto, MN 55357, (877) 609-7387, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1.
Systemwide Outlet Summary
For years 2020, 2021, and 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	16	12	-4
	2021	12	11	-1
	2022	11	11	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	16	12	-4
	2021	12	11	-1
	2022	11	11	0

Table 2.
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020, 2021, and 2022

State	Year	Number of Transfers
Louisiana	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	0
	2022	1

Table 3.
Status of Franchised Outlets
For years 2020, 2021, and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Illinois	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Ohio	2020	2	0	0	0	0	0	2
	2021	2	0	0	1	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Virginia	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Wisconsin	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	16	0	0	2	0	2	12
	2021	12	0	0	1	0	0	11
	2022	11	0	0	0	0	0	11

Table 4.
Status of Company-Owned Outlets
For years 2020, 2021, and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table 5.
Projected Openings as of December 31, 2022

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	1	0
Minnesota	0	0	1
Ohio	0	1	0
Texas	0	1	0
Total	0	3	1

The names, addresses and telephone numbers for our existing franchisees are included in Exhibit 4. The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document will be listed on Exhibit 5 to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

We currently do not have any trademark-specific franchisee organizations associated with the System that are created, endorsed, or sponsored by us. Nor do we have any independent franchisee organizations which have asked us to be included in this Disclosure Document.

ITEM 21 **FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit 6 are our audited financial statements for the years ending December 31, 2022, December 31, 2021, and December 31, 2020.

ITEM 22 **CONTRACTS**

The following contracts are attached to this Disclosure Document:

Exhibit 2 – State Specific Addenda

Exhibit 3 – Franchise Agreement, including the following agreements:

- Guaranty (as Exhibit C)
- Authorization for Prearranged Payments (as Exhibit D)
- Non-Disclosure and Non-Compete Agreement for Employees (as Exhibit E)
- Telephone Number Assignment and Power of Attorney (as Exhibit F)
- Promissory Notes (as Exhibit G)
- Franchisee Disclosure Acknowledgment Statement (as Exhibit H)

Exhibit 8 – Sample General Release

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT 1**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT 2

**STATE ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT**

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

OTHER RISKS CONCERNING THIS FRANCHISE

1. The Franchise Agreement states that the law of Minnesota governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
2. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

ITEM 5, ADDITIONAL DISCLOSURES. THE FOLLOWING STATEMENTS ARE ADDED TO ITEM 5:

Payment of the initial franchise fee is deferred until such time as the franchisor satisfies its pre-opening obligations to franchisee, and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

ITEM 17, ADDITIONAL DISCLOSURES. THE FOLLOWING STATEMENTS ARE ADDED TO ITEM 17:

The Illinois Franchise Disclosure Act 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.

Franchisee Acknowledgment / Compliance Certification:

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 representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

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:

The Illinois Franchise Disclosure Act 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.

Payment of the initial franchise fee is deferred until such time as the franchisor satisfies its pre-opening obligations to franchisee, and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

The FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT is amended as follows:

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 representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure 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:

SNAGGLE FOOT LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Special Risks to Consider About *This* Franchise

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.

Sales Performance Required. You must meet the annual sales growth requirement. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

Item 5 and Item 7, Additional Disclosures:

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.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal bankruptcy law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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 Franchisee Disclosure Acknowledgment Statement does not apply to a Maryland resident or if the franchise is to be located in Maryland, and should not be signed if you are a Maryland resident or if the franchise is to be located in Maryland.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. The Franchise Agreement is hereby amended as follows:

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.

A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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.

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.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

The franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. 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.

3. Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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 Franchisee Disclosure Acknowledgment Statement does not apply to a Maryland resident or if the franchise is to be located in Maryland, and should not be signed if you are a Maryland resident or if the franchise is to be located in Maryland.

4. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

5. 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:

SNAGGLE FOOT LLC

By: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

OTHER RISKS CONCERNING THIS FRANCHISE

1. The Franchise Agreement states that the law of Minnesota governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
2. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of 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 Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 5 and Item 7, Additional Disclosures:

Payment of the initial franchise fee is deferred until such time as the franchisor satisfies its pre-opening obligations to franchisee, and franchisee has commenced doing business.

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 franchise 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.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D 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 Minn. Stat. Sec. 80C.17, subd. 5.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Minnesota Franchises 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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

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:

Payment of the initial franchise fee is deferred until such time as the franchisor satisfies its pre-opening obligations to franchisee, and franchisee has commenced doing business.

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.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

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.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Minnesota Franchises 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

SNAGGLE FOOT LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Special Risks to Consider About *This Franchise*

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$21,760 to \$60,450. This amount exceeds the franchisor's stockholders equity as of December 31, 2021, which is \$14,546.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Snaggle Foot LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Virginia Retail Franchising 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.

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 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:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Virginia Retail Franchising 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.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

SNAGGLE FOOT LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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.

OTHER RISKS CONCERNING THIS FRANCHISE

1. The Franchise Agreement states that the law of Minnesota governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.
2. The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

Item 5 and 7, Additional Disclosure:

Payment of all initial fees will be deferred until the franchisor provides all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

Item 17, Additional Disclosure:

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Washington Franchise Investment Protection 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.

The undersigned does hereby acknowledge receipt of this addendum.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, FRANCHISE DISCLOSURE
ACKNOWLEDGEMENT STATEMENT, AND RELATED AGREEMENTS

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.

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 all initial fees will be deferred until the franchisor provides all of its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

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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.

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The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Franchisee Disclosure Acknowledgement Statement:

The representations under this Franchisee Disclosure Acknowledgment Statement are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Washington Franchise Investment Protection 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.

The undersigned does hereby acknowledge receipt of this addendum.

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:

SNAGGLE FOOT LLC

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT 3

FRANCHISE AGREEMENT



SNAGGLE FOOT[®]

Dog walks and Pet care

SNAGGLE FOOT LLC

FRANCHISE AGREEMENT

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EXHIBIT H – FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on this _____ day of _____, 20____ (the “**Effective Date**”), by and between:

- ♦ Snaggle Foot LLC, a Minnesota limited liability company, whose principal place of business is 23850 Pioneer Trail Loretto MN 55357 (“**Franchisor**”); and
- ♦ _____ a [resident of]
[corporation organized in] [limited liability company organized in] [*select one*], having offices at _____

_____ (“**Franchisee**”).

BACKGROUND:

A. Franchisor owns a format and system (the “**System**”) relating to the opening and operation of businesses which provide dog and pet care services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing. Each business will operate as a home-based business under the Proprietary Marks (as defined below) (each called a “**Snaggle Foot Business**”). The distinguishing characteristics of the System include, without limitation, specially developed procedures, techniques and training programs for dog and pet care services; licensing direction and assistance; comprehensive operations and training manuals; and methods and techniques for record keeping, financial reporting, personnel management, purchasing, sales promotion and advertising, all of which may be changed, improved, and further developed by Franchisor from time to time.

B. The System is identified by means of certain indicia of origin, emblems, trade names, service marks, logos, and trademarks, including applications and/or registrations therefore, as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System including the mark “Snaggle Foot” and other marks (the “**Proprietary Marks**”).

C. Franchisee desires to operate a Snaggle Foot Business under the System and using the Proprietary Marks, and wishes to enter into this Agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith.

D. Franchisee acknowledges that it has read this Agreement and the Franchisor’s Franchise Disclosure Document and that it understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain the Franchisor’s high standards of quality and service and the uniformity of those standards at all a Snaggle Foot Businesses in order to protect and preserve the goodwill of the Proprietary Marks.

E. Franchisee has applied for a franchise to own and operate Snaggle Foot at the location identified in Exhibit A, and such application has been approved by the Franchisor in reliance upon all of the representations made herein.

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1 **Grant and Acceptance.** Franchisor grants to Franchisee the right, and Franchisee hereby undertakes the obligation, upon the terms and conditions set forth in this Agreement to: (a) establish and

operate a Snaggle Foot Business (the “**Franchised Business**”), (b) use, only in connection therewith, the Proprietary Marks and the System, as they may be changed, improved, or further developed from time to time by Franchisor; and (c) operate the Franchised Business only within the Territory (as defined in Section 1.2 below) in accordance with this Agreement. Franchisee shall not relocate the Franchised Business without Franchisor’s prior written consent and/or otherwise in writing by Franchisor, as provided in Section 7.19 below.

1.2 **Territory and Reserved Rights.** Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, a Snaggle Foot Business at any location within the territory specified in Exhibit A (the “**Territory**”). Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.2.1 To own, acquire, establish, and/or operate and license others to establish and operate, a Snaggle Foot Business operating under the Proprietary Marks and the System selling the Products at any location outside the Territory, notwithstanding their proximity to the Territory or their actual or threatened impact on the Territory or sales of the Franchised Business;

1.2.2 To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar to or different from the Franchised Business, at any location within or outside the Territory, notwithstanding their proximity to the Territory or their actual or threatened impact on sales of the Franchised Business;

1.2.3 To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products (including the Proprietary Products) through wholesalers, distributors, grocery or convenience stores or through outlets that are primarily retail in nature, or through mail order, toll free numbers, the Internet or other alternative distribution channels, including those products bearing Franchisor’s Proprietary Marks, provided that distribution within the Territory shall not be from a Snaggle Foot Business established under the System that is physically located within the Territory;

1.2.4 To (i) acquire one or more retail businesses that are the same as, or similar to, Snaggle Foot Businesses then operating under the System (each an “**Acquired Business**”), which may be at any location within or outside the Territory, notwithstanding their proximity to the Territory or their actual or threatened impact on sales of the Franchised Business, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Snaggle Foot Business under the System at any location, within or outside the Territory.

1.3 **No Territory Established.** If there is no Territory established in Exhibit A, Franchisee expressly acknowledges and agrees that Franchisor may own, acquire, establish, and/or operate and license others to establish and operate, Snaggle Foot Businesses under the System at any location, and exercise all of the rights reserved to it in Section 1.2 at any location, notwithstanding the proximity to or the actual or threatened impact on sales of the Franchised Business.

2. TERM AND RENEWAL

2.1 **Initial Term.** This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, this Agreement shall expire ten (10) years from the Effective Date.

2.2 **Renewal.** Franchisee may apply to operate the Franchised Business for one (1) additional term of ten (10) years, if the following conditions are met prior to renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew at least six (6) months, but not more than twelve (12) months, prior to the end of the term of this Agreement;

2.2.2 Franchisee shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates or the approved suppliers of the System;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates, or the approved suppliers of the System; and Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, and employees;

2.2.5 Franchisee shall execute the then-current form of franchise agreement offered by Franchisor, which shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, requirements to pay additional and/or higher fees such as royalties and advertising contributions;

2.2.6 Franchisee shall comply with the then-current qualification and training requirements of Franchisor;

2.2.7 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such modernization of the Franchised Business as Franchisor may reasonably require, including installation of new equipment and the utilization of new supplies and marketing tools to reflect the then-current standards and image of the System;

2.2.8 Franchisee, at the time of renewal, satisfies Franchisor's standards of financial responsibility and, if requested by Franchisor, Franchisee demonstrates to Franchisor that Franchisee has sufficient financial resources and means to continue to operate the Franchised Business during the renewal term.

2.2.10 Franchisee shall remit to Franchisor a renewal fee equal to \$1,000 plus Franchisor's costs and expenses related to Franchisee's renewal.

3. DUTIES OF FRANCHISOR

3.1 **Initial Training.** Franchisor shall provide its initial training ("**Initial Training**"), as described in Section 5 of this Agreement, for up to two (2) trainees. Franchisor shall also provide such ongoing training as it may, from time to time, deem appropriate.

3.2 **Opening Training.** Franchisor shall make available to Franchisee telephonic and electronic mail training, support, and assistance, based on the experience and judgment of Franchisor, in pre-opening, opening and initial business operation of the Franchised Business. Such assistance will include supervisory assistance and guidance in connection with the opening and initial operations of the Franchised Business. Franchisee acknowledges that Franchisor shall not be responsible for offering guidance with respect to compliance with any laws, ordinances, or other legal matters. Should Franchisee request additional assistance from Franchisor in order to facilitate the opening of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with the request, Franchisee shall pay Franchisor's additional training fee, and if on-site assistance is required, Franchisee shall pay Franchisor's per diem charges and out of pocket expenses in providing such additional assistance, as set forth from time to time in the Manuals. For the

purposes of this Section 3.2, Franchisor shall have the right to determine the time or times at which such training, support and assistance shall be made available to Franchisee.

3.3 **Loan of Manuals.** Franchisor shall provide Franchisee, on loan, copies of the Franchisor's confidential operations manuals and other manuals, instructional materials, and written policies and correspondence (collectively, the "**Manuals**"), as more fully described in Section 9 hereof.

3.4 **Advertising Programs and Materials.** Franchisor shall review and shall have the right to approve or disapprove all advertising and promotional materials that Franchisee proposes to use, pursuant to Section 13 below. Franchisor shall administer the System or Cooperative Ad Funds, if such funds exist or are created, in the manner set forth in Section 12 below.

3.5 **Grand Opening Advertising.** Franchisor shall assist Franchisee in developing and conducting the Grand Opening Advertising Program (as described in Section 12.5 below), which program shall be conducted at Franchisee's expense.

3.6 **Guidance.** Franchisor may provide periodic advice or offer guidance to Franchisee in the marketing, management, and operation of the Franchised Business as Franchisor determines at the time(s) and in the manner determined by Franchisor.

3.7 **Inspections.** Franchisor shall conduct, as it deems advisable, inspections of the operation of the Franchised Business by Franchisee.

3.8 **List of Suppliers.** Franchisor shall, in the Manuals (or otherwise in writing as determined by Franchisor), provide Franchisee with a list of suppliers designated and/or approved by Franchisor to supply products, equipment, signage, materials and services to franchisees in the System.

3.9 **Start-Up Package.** Franchisor will provide Franchisee with a start-up package, the cost of which will be included in the Initial Franchise Fee. The start-up package includes an initial supply of our trademarked inventory and supplies, provided that the contents of the start-up package may change periodically.

3.10 **Delegation.** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any distributor, designee, employee, or agent of Franchisor, as Franchisor may direct.

3.11 **Fulfillment of Obligations.** In fulfilling its obligations pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor (and its affiliates) shall have the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other franchised businesses and systems in which Franchisor (or its affiliates) has an interest and Franchisor's (and its affiliates') own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which Franchisor (or its affiliates) has an interest, or with Franchisor's affiliates; (iii) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which Franchisor (or its affiliates) has an interest; and/or (iv) to allocate resources and new developments between and among systems, and/or Franchisor's affiliates, as it sees fit. Franchisee understands and agrees that all of Franchisor's obligations under this Agreement are subject to this Section 3.10, and that nothing in this Section 3.10 shall in any way affect Franchisee's obligations under this Agreement.

4. FEES

4.1 **Franchise Fee.** In consideration of the execution of this Agreement and Franchisor's granting to Franchisee the franchise covered hereby, Franchisee agrees to pay Franchisor an initial franchise fee of _____ Dollars (\$_____) (the "**Franchise Fee**") as reflected in Exhibit A, which sum shall be deemed fully earned by Franchisor upon receipt thereof and is non-refundable as set forth in Section 4.2 below. If the Franchised Business is not open and operating within six (6) months following the Effective Date, Franchisor may, at its option, terminate this Agreement without providing any refund to Franchisee. The Franchise Fee shall be paid in full upon the execution of this Agreement. In the alternative, Franchisor may finance the Franchise Fee by allowing Franchisee to make a down-payment of fifty percent (50%) of the Franchise Fee, which amounts to _____ Dollars (\$_____) and signing a promissory note ("**Promissory Note**") for the remaining fifty percent (50%), which amounts to _____ Dollars (\$_____) in favor of Franchisor in the form of Exhibit G.

4.2 **Refundability.** Payment of the Franchise Fee, or any portion of the Franchise Fee, or any interest paid as a result of the Promissory Note, shall be non-refundable.

4.3 **Royalty Fee.** In consideration of this franchise granted hereby, the services to be provided by Franchisor hereunder, the right to prepare and sell the products and services to the general public, and for the use of the Proprietary Marks during the term hereof and any subsequent renewals, Franchisee shall pay to Franchisor, each Month during the term of this Agreement, in addition to the Franchise Fee set forth herein, a Royalty Fee equal to five percent (5%) of the Net Sales generated by, from, or through the Franchised Business ("**Royalty Fee**") and report to Franchisor, in the manner specified by Franchisor, its Net Sales (a "**Sales Report**"). As used in this Agreement, the following terms shall apply:

4.3.1 The term "**Net Sales**" means all revenue from the sale of all products and services and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, whether at retail or wholesale (whether such sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Net Sales" excludes any customer refunds, coupon sales, sales taxes, and/or other taxes collected from customers by Franchisee and actually transmitted to the appropriate taxing authorities.

4.3.2 All payments received by Franchisee, and all payments made to Franchisor, must be in the currency of the United States of America (U.S. dollars) or in such other currency as we may designate.

4.4 **Technology Fee; Licensing and Web Site Development Fee.** Franchisor shall have the right to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's domain control, pursuant to Section 6.6.2. In return for establishing such web page(s) for Franchisee, and providing one (1) electronic mail address for the Franchised Business, Franchisee shall pay to Franchisor, each Month during the term of this Agreement, a technology fee ("**Technology Fee**") in an amount equal to One Hundred Dollars (\$100). Further, Franchisor will: (i) grant access to its proprietary billing and scheduling application and other Franchisor systems ("**Snaggle Foot Client Portal**") as required for use by franchisees, in accordance with Section 6.1, and (ii) develop and publish one or more web page(s) for your Franchised Business, in accordance with Section 6.6.2.

4.5 **Advertising Contributions.** Franchisee shall make Monthly advertising contributions for marketing and promotion as Franchisor may direct pursuant to Section 12.1 based on the Net Sales of the Franchised Business.

4.6 **Shortfall Fee; Minimum Sales Growth Requirement.** Following Franchisee's first thirty-six (36) months of operation, and for each month remaining under the term of this Agreement, Franchisee must pay Franchisor at least One Hundred Dollars (\$100) per month in Royalty Fees, Technology Fees, and Advertising Contributions (the "Minimum Fee Amount"). If Franchisee does not achieve the required Minimum Fee Amount for any month during the term of this Agreement after Franchisee's first thirty-six (36) months of operation, Franchisor will collect a shortfall fee from Franchisee equal to the difference between the amount of Royalty Fees, Technology Fees, and Advertising Contributions Franchisee should have paid had Franchisee achieved the Minimum Fee Amount for that month and the actual Royalty Fees, Technology Fees, and Advertising Contributions Franchisee paid to Franchisor during the month (the "**Shortfall Fee**"). During each twelve (12) month period of Franchisee's operation, Franchisee must achieve at least a five percent (5%) growth in Net Sales over the previous twelve (12) months of operation ("**Minimum Sales Growth**"). If Franchisee fails to achieve the Minimum Sales Growth requirement, Franchisor will have the right, at its discretion, to modify the Territory or terminate this Agreement.

4.7 **When Payments Due.** All payments required by Sections 4.3 and 4.5 above based on the Net Sales for the preceding Month, and the Sales Report required by Section 4.3 for the Net Sales for the preceding Month, shall be paid and submitted so as to be received by Franchisor by the fifth (5th) business day after the close of each Month. All payments required by Sections 4.4 and 4.6 above, shall also be paid and submitted so as to be received by Franchisor by the fifth (5th) business day after the close of each Month. Franchisee shall deliver to Franchisor any and all reports, statements and/or other information required under Section 12.2 below, at the time and in the format reasonably requested by Franchisor. Franchisee may be required to establish an arrangement for electronic funds transfer or deposit of any payments required under this Section. Franchisee shall execute Franchisor's current form of "Authorization Agreement for Prearranged Payments," a copy of which is attached to this Agreement as Exhibit D, and Franchisee shall comply with the payment and reporting procedures specified by Franchisor in the Manuals. Franchisee expressly acknowledges and agrees that Franchisee's obligations for the full and timely payment of the Royalty Fee and Advertising Contributions (and all other amounts provided for in this Agreement) shall be absolute, unconditional, fully earned, and due upon Franchisee's generation and receipt of Net Sales. Franchisee shall not for any reason delay or withhold the payment of all or any part of those or any other payments due hereunder, put the same in escrow or set-off same against any claims or alleged claims Franchisee may allege against Franchisor, the System Ad Fund, the Cooperative Ad Fund, or others. Franchisee shall not, on grounds of any alleged non-performance by Franchisor or others, withhold payment of any fee, including, without limitation, Royalty Fees or advertising contributions, nor withhold or delay submission of any reports due hereunder including, but not limited, to Sales Reports.

4.8 **Additional Payments.** Franchisee shall pay to Franchisor, within ten (10) days of any written request by Franchisor, which is accompanied by reasonable substantiating material, any monies which Franchisor has paid, or has become obligated to pay, on behalf of Franchisee, by consent or otherwise under this Agreement.

4.9 **Overdue Payments and Reports.** Any payment, contribution, statement, or report not actually received by Franchisor on or before such due date shall be overdue. If any contribution or payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount: (i) a late payment fee in an amount equal to five percent (5%) of the overdue amount, and (ii) interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

4.10 **No Waiver.** Acceptance by Franchisor of the payment of any Royalty Fee, or any and all other payments provided for in this Agreement, shall not be conclusive or binding on Franchisor with respect to the accuracy of such payment until two (2) years after the effective date of termination or non-renewal of

this Agreement. Acceptance of any payment on account of the Royalty Fee or any and all other payments provided for in this Agreement does not constitute any waiver of Franchisor's rights hereunder.

4.11 **No Subordination.** Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the royalties and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

5. TRAINING

5.1 **Initial Training and Attendees.** Before opening the Franchised Business, Franchisee shall have satisfied all initial training obligations required by Franchisor, which are as follows:

5.1.1 Franchisee (or, if Franchisee is other than an individual, the Designated Principal (defined in Section 5.1.2 below)) and up to one (1) additional person (not to exceed a total of two (2) persons), shall attend and successfully complete, to Franchisor's satisfaction, the initial training program offered by Franchisor at a location designated by Franchisor. The duration of the initial training will be from two (2) to three (3) days, depending on the function of the individual attending such training. If any required attendee does not satisfactorily complete such training, Franchisor may require that a replacement person attend and successfully complete, to Franchisor's satisfaction, the initial training program.

5.1.2 If Franchisee is other than an individual, Franchisor may require (in addition to the training of the Designated Principal) that any or all owners of beneficial interests in Franchisee (each a "**Principal**"), who are individuals and own at least a ten percent (10%) beneficial interest in Franchisee, attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Principals not involved in the day-to-day operations of the Franchised Business.

5.1.3 Franchisee must satisfy all pre-opening training requirements under this Section 5.1 prior to the scheduled opening of the Franchised Business.

5.2 **New or Replacement Designated Principal.** In the event that Franchisee's Designated Principal ceases active employment in the Franchised Business, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program promptly following cessation of employment of said individual. The replacement Designated Principal shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

5.3 **Refresher Training.** Franchisor may also require that Franchisee or its Designated Principal attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time, provided that such training shall not exceed four (4) days per person each year, and attendance for up to three (3) days per person each year at conventions, if any, conducted for Franchisor's franchisees.

5.4 **Training Costs.** The cost of all training (instruction and required materials) shall be borne by Franchisor, except as provided in Section 5.5 and 5.6 below. All other expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

5.5 **Location of Training.** All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters and/or such other locations as

Franchisor may designate. In the event Franchisee requests that Franchisor conduct the initial training program at a location different from Franchisor's headquarters and/or such other locations designated by Franchisor, Franchisor reserves the right to charge Franchisee its reasonable out of pocket expenses, including, but not limited to, travel costs, lodging, classroom facility expenses, and a per-diem of \$50.00.

5.6 **Additional Training.** If Franchisee requests that Franchisor provide additional supervision or supplemental training, then Franchisee agrees that it shall pay Franchisor's additional training fee, which shall be as set forth in the Manuals or otherwise in writing. If Franchisee requests that any training program(s) be conducted at the Franchised Business that Franchisor offers at its headquarters, or if on-site assistance is required, Franchisee shall pay Franchisor's per diem charges and out of pocket expenses, which shall be as set forth in the Manuals or otherwise in writing.

5.7 **Training Acknowledgement.** Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee or its employees is intended only to impart to those persons the Franchisor's standards and specifications, and the various procedures, protocols, systems, and operations of a Franchised Business, and in no fashion reflects any employment relationship between Franchisor and any such person. Franchisee understands and agrees that Franchisee is the sole employer of its employees, and that Franchisor and Franchisee are not joint employers of any persons. If it is ever asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on its behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

6. TECHNOLOGY

6.1 **Computer Systems and Required Software.** The following terms and conditions shall apply with respect to the Computer System and Required Software:

6.1.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by, between, or among Snaggle Foot Businesses, including without limitation: (a) sales, accounting and customer data, audio, video, and voice storage, retrieval, and transmission systems for use at a Snaggle Foot Business, between or among Snaggle Foot Businesses, and between and among the Franchised Business and Franchisor and/or Franchisee; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "**Computer System**").

6.1.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs and accounting system software that Franchisee must use in connection with the Computer System ("**Required Software**"), which Franchisee shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install; (c) the tangible media upon which such Franchisee shall record data; and (d) the database file structure of Franchisee's Computer System.

6.1.3 Franchisee shall record all sales on computer-based systems approved by Franchisor or as may be designated by Franchisor in the Manuals or otherwise in writing, which shall be deemed part of the Franchisee's Computer System.

6.1.4 Franchisee shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as Franchisor may request in writing (collectively, "**Computer Upgrades**").

6.1.5 Franchisee shall comply with all specifications issued by Franchisor with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. Franchisee shall also afford Franchisor unimpeded independent access to Franchisee's Computer System and Required Software as Franchisor may request, in the manner, form, and at the times requested by Franchisor.

6.2 **Data.** Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

6.3 **Privacy.** Franchisee shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("**Privacy**"), and shall comply with Franchisor's standards and policies pertaining to Privacy. If there is a conflict between Franchisor's standards and policies pertaining to Privacy and applicable law, Franchisee shall: (a) comply with the requirements of applicable law; (b) immediately give Franchisor written notice of said conflict; and (c) promptly and fully cooperate with Franchisor and Franchisor's counsel as Franchisor may request to assist Franchisor in its determination regarding the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy within the bounds of applicable law.

6.4 **Telecommunications.** Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee's Computer System and Franchisor's Intranet (as defined below), if any, and/or such other computer systems as Franchisor may reasonably require.

6.5 **Intranet.** Franchisor may establish a website providing private and secure communications between Franchisor, Franchisee, franchisees, licensees and other persons and entities as determined by Franchisor (an "**Intranet**"). Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Franchised Business. The Intranet may include, without limitation, the Manuals, training or other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

6.6 **Websites.** As used in this Agreement, the term "**Website**" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, Franchisee agrees to the following:

6.6.1 Franchisor shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the products or services offered by a Snaggle Foot Business, the franchising of the Snaggle Foot Business, and/or the System. Franchisor shall have the sole right to control all aspects of the Website, including without limitation its

design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; Franchisor shall also have the right to discontinue operation of the website.

6.6.2 Franchisor shall have the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and/or the Franchised Business, with such web page(s) to be located within Franchisor's domain control. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance and content of any such web pages; and Franchisor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page. Should Franchisor establish such web pages for Franchisee, Franchisee shall pay to Franchisor a monthly Technology Fee in accordance with Section 4.4.

6.6.3 Franchisee shall not establish a separate Website, without Franchisor's prior written approval (which Franchisor shall not be obligated to provide). If approved to establish a Website, Franchisee shall comply with Franchisor's policies, standards and specifications with respect to the creation, maintenance and content of any such Website. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be deemed "advertising" under this Agreement, and will be subject to (among other things) Franchisor's approval under Section 12 below.

6.6.4 Franchisor shall have the right to modify the provisions of this Section 6 relating to Websites as Franchisor shall solely determine is necessary or appropriate.

6.7 **Online Use of Marks.** Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Franchisor's prior written consent as to Franchisee's plan for transmitting such advertisements.

6.8 **No Outsourcing without Prior Written Approval.** Franchisee shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval therefore. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is reasonably provided by Franchisor.

6.9 **Changes to Technology.** Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Section 6 were periodically revised by Franchisor for that purpose.

7. OTHER DUTIES OF FRANCHISEE

7.1 **Details of Operation.** Franchisee understands and acknowledges that every detail of the System and this Agreement is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high operating, quality and service standards, to increase the demand for the products and services sold by all operators, to protect Snaggle Foot Businesses operating under the System, and to protect the reputation and goodwill of Franchisor.

7.2 **Compliance with the Agreement, including the Manuals.** Franchisee shall operate the Franchised Business in strict conformity with this Agreement and the required standards and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing, and shall refrain from

deviating from such required standards, specifications, and procedures without the prior written consent of Franchisor.

7.3 **Management of Business & Designated Principal.** If Franchisee is other than an individual, prior to beginning training, Franchisee shall comply with the following:

7.3.1 Franchisee shall designate, subject to Franchisor's reasonable approval, one Principal who is both an individual person and owns at least a ten percent (10%) beneficial interest in Franchisee, and who shall be responsible for general oversight and management of the operations of the Franchised Business on behalf of Franchisee (the "**Designated Principal**"). In the event the person designated as the Designated Principal dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to supervise the operations of the Franchised Business, Franchisee shall promptly designate a new Designated Principal, subject to Franchisor's reasonable approval.

7.3.2 Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal as having responsibility and decision-making authority regarding the Franchised Business's operation and Franchisee's business.

7.4 **Staffing.** Franchisee agrees to maintain a competent, conscientious, staff (who are trained by Franchisee to Franchisor's standards and requirements) in numbers sufficient to promptly service customers, and care for the customer's dogs and pets, and to take such steps as are necessary to ensure that its employees preserve good customer relations; and render competent, prompt, courteous, and knowledgeable service. Franchisee shall be solely responsible for all employment decisions and functions of the Franchised Business, including those related to hiring, firing, wage and hour requirements, recordkeeping, supervision, employee or independent contractor designation, and discipline of staff members.

7.5 **Conformity to Standards.** To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with the required standards and specifications Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Without limitation, Franchisee agrees as follows:

7.5.1 Franchisee shall purchase prior to the opening of the Franchised Business, and thereafter maintain, all required vehicle signs, and maintain sufficient supplies and materials, as Franchisor may prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating therefrom by the use of any unapproved item without the prior written consent of Franchisor.

7.5.2 Franchisee shall offer and sell only products and services that Franchisor specifies from time to time, unless otherwise approved in writing by Franchisor; and Franchisee shall offer and sell all products and services as Franchisor may specify from time to time as required offerings at the Franchised Business. Franchisee shall offer and sell the products and services utilizing the standards and techniques as specified by Franchisor. Franchisee is prohibited from offering or selling any products or services at or from the Franchised Business that have not previously been authorized by Franchisor, and shall discontinue selling and offering for sale any products and services which Franchisor shall have disapproved, in writing, at any time. If Franchisee wishes to offer or sell any products or services that have not previously been authorized by Franchisor, Franchisee must first make a written request to Franchisor, requesting authorization to offer or sell such products or services in accordance with Section 7.6 below. Franchisor may deny such approval for any reason.

7.5.3 Franchisor may designate an independent evaluation service to conduct a "mystery shopper" quality control and evaluation program with respect to Franchisor or affiliate-owned and/or franchised Snaggle Foot Businesses. Franchisee agrees that the Franchised Business will participate in such mystery shopper program, as prescribed and required by Franchisor, provided that Franchisor-owned,

affiliate-owned, and franchised Snaggle Foot Businesses also participate in such program to the extent Franchisor has the right to require such participation. Franchisor will bear the costs of the evaluation service, however, Franchisee may incur costs associated with the evaluation process, such as transportation costs and other costs related to client establishment and service, which the Franchisee shall be responsible for; provided, however that such costs do not exceed Sixty Dollars (\$60) during each year of this Agreement.

7.5.4 Franchisee shall participate in all customer surveys and satisfaction audits, which may require that Franchisee provide discounted or complimentary products and services, provided that such discounted or complimentary sales shall not be included in the Net Sales of the Franchised Business. Additionally, Franchisee shall participate in any complaint resolution and other programs as Franchisor may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.6 **Purchases and Approved Suppliers.** Franchisee shall purchase all equipment, signs, supplies, services, and products required for the business and operation of the Franchised Business from Suppliers designated or approved in writing by Franchisor (as used in this Section 8.7 the term “**Supplier**” shall include manufacturers, distributors, and other forms of Suppliers). In determining whether it will approve any particular Supplier, Franchisor shall consider various factors, including but not limited to whether the Supplier (i) can demonstrate, to Franchisor’s continuing reasonable satisfaction, the ability to meet Franchisor’s then-current standards and specifications for such items; (ii) possesses adequate quality controls and capacity to supply Franchisee’s needs promptly and reliably; (iii) approval of who would enable the System, in Franchisor’s sole opinion, to take advantage of marketplace efficiencies; and (iv) has been approved in writing by Franchisor prior to any purchases by Franchisee from any such Supplier, and have not thereafter been disapproved. Franchisor reserves the right to designate, at any time and for any reason, a single Supplier for any equipment, supplies, services, or products (including any products and services) and to require Franchisee to purchase exclusively from such designated Supplier, which exclusive designated supplier may be Franchisor or an affiliate of Franchisor.

7.6.1 Notwithstanding anything to the contrary in this Agreement, Franchisee shall purchase all of its requirements for proprietary products from Franchisor or Franchisor’s designee(s), as set forth in Section 7.7 below (through such distributor or distributors as Franchisor may designate). Franchisor shall have the right to introduce additional, substitute new, or discontinue proprietary products and services from time to time.

7.6.2 If Franchisee desires to purchase any products and services or other items, equipment, supplies, services from suppliers other than those previously designated or approved by Franchisor, Franchisee must first submit to Franchisor a written request for authorization to purchase such items. Franchisee shall not purchase from any Supplier until, and unless, such Supplier has been approved in writing by Franchisor. Franchisor may deny such approval for any reason, including its determination to limit the number of approved Suppliers. Franchisee must submit to Franchisor such information and samples as Franchisor may reasonably require, and Franchisor shall have the right to require periodically that its representatives be permitted to inspect such items and that samples from the proposed Supplier, or of the proposed items, be delivered for evaluation and testing either to Franchisor. Permission for such evaluations shall be a condition of the initial and continued approval of such Supplier. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor may also require that the Supplier comply with such other requirements as Franchisor may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to Franchisor by the Supplier on account of their dealings with Franchisee or other franchisees.

7.6.3 Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved Supplier and to revoke its approval upon the Supplier’s failure to continue to meet any of Franchisor’s then-current criteria. Upon receipt of written notice of such

revocation, Franchisee shall cease to sell or use any disapproved item, products and services and/or cease to purchase from any disapproved Supplier.

7.6.4 Nothing in the foregoing shall be construed to require Franchisor to approve any particular Supplier, nor to require Franchisor to make available to prospective Suppliers, standards for approval and/or specifications for formulas, which Franchisor shall have the right to deem confidential.

7.6.5 Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally known Suppliers who are willing to supply all or some of the Snaggle Foot Businesses with some or all of the products and/or services that Franchisor requires for use and/or sale in the development and/or operation of a Snaggle Foot Business. In this event, Franchisor may limit the number of approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use for some or all products and services and other products and services, and/or refuse any of Franchisee's requests for approval if Franchisor believes that this action is in the best interest of the System or the franchised network. Franchisor shall have unlimited discretion to approve or disapprove of the Suppliers who may be permitted to sell products and services to Franchisee.

7.6.6 Franchisor and its affiliates may receive payments or other compensation from Suppliers on account of such Suppliers' dealings with Franchisee and other franchisees; and Franchisor may use all amounts so received for any purpose Franchisor and its affiliates deem appropriate.

7.7 **Proprietary Products.** Franchisee acknowledges and agrees that Franchisor may develop proprietary products offered and sold at a Snaggle Foot Business, including, without limitation, specialty dog food products and Snaggle Foot attire, in accordance with secret recipes, standards, and specifications of Franchisor and/or Franchisor's affiliates. In order to maintain the high standards of quality, taste, and uniformity associated with the proprietary products sold at all of the Snaggle Foot Businesses in the System, Franchisee agrees to purchase proprietary products only from Franchisor or its designee(s). In connection with the manufacturing, handling, storage, transport, and delivery of any proprietary products purchased from Franchisor, its affiliates or designee(s), Franchisee acknowledges that any action or inaction by any third party (e.g., a food manufacturer or an independent carrier) in connection with the manufacturing, handling, storage, transport, and delivery of the proprietary products shall not be attributable to nor constitute negligence of Franchisor. Franchisee acknowledges and agrees the Franchisor and/or its affiliates may earn revenues on account of such sales of proprietary products to Franchisee.

7.8 **No Warranties.** Franchisee acknowledges that in purchasing or leasing supplies, equipment and/or materials from suppliers approved by Franchisor, **FRANCHISOR EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS AS TO THE CONDITION OF SAME, INCLUDING WITHOUT LIMITATION, EXPRESS OR IMPLIED WARRANTIES AS TO MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE. FRANCHISEE AGREES TO LOOK SOLELY TO THE MANUFACTURER OR SUPPLIER OF SAME IN THE EVENT OF ANY DEFECTS THEREIN.**

7.9 **Inspections.** Franchisee shall permit Franchisor and its agents to conduct inspections and/or evaluations of the operations of Franchisee. Franchisee shall cooperate with representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting other rights of Franchisor under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should Franchisee, for any reason, fail to correct such deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee the actual expenses of Franchisor in so acting, which shall be payable by Franchisee upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

7.10 **Trademarked Items.** Franchisee shall ensure that all advertising and promotional materials, signs, decorations, paper goods (including, without limitation, wrapping, packaging supplies, containers for products and services, and all forms and stationery used in the Franchised Business), products and services, and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.11 **Products and Services.** Franchisee shall sell or offer to sell those products and services as approved by Franchisor. Such products and services shall be subject to change from time to time as Franchisor may determine solely in its discretion. Franchisee must obtain Franchisor's written approval for any contemplated changes to those products and services approved by Franchisor.

7.12 **Compliance.** Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, any and all pet care licenses, operation licenses, licenses to do business and fictitious name registration.

7.13 **Uniforms.** Franchisee shall be responsible for having all personnel employed by Franchisee wear standard related uniforms and attire during business hours in order to further enhance Franchisor's product and format. Franchisee shall be permitted to purchase such uniforms and attire from manufacturers or distributors approved by Franchisor, which uniforms and attire must be in strict accordance with Franchisor's design and other specifications.

7.14 **Prohibited Product Fee.** In the event Franchisee sells any product or performs any services that Franchisor has not prescribed, approved, or authorized, Franchisee shall (i) cease and desist offering or providing the unauthorized or unapproved product or from performing such services and (ii) pay to Franchisor, on demand, a prohibited product or service fee equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized product or service is offered or provided by Franchisee. The prohibited product or service fee shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

7.15 **Participation in Promotions.** Franchisee shall participate in promotional programs developed by Franchisor for the System, in the manner directed by Franchisor in the Manuals or otherwise in writing; provided, however, that such promotional programs do not directly affect Franchisee's pricing freedom. In no way limiting the foregoing, Franchisee agrees that if required by Franchisor:

7.15.1 Franchisee shall participate in all programs and services for frequent customers, senior citizens, military personnel, and other categories, which may include providing discount or complimentary products and services.

7.15.2 Franchisee shall sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another of Snaggle Foot Business. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fee or other contribution) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manuals or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by another Snaggle Foot Business and for making timely payment to Franchisor, other operators of a Snaggle Foot Business, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by Franchisor or other Snaggle Foot operators.

7.16 **Health / Standards.** Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business under the Manuals and applicable health

ordinances and applicable animal welfare and pet care laws. Franchisee shall also comply with the requirements set forth in the Manuals for submitting to Franchisor a copy of a violation or citation relating to Franchisee's failure to maintain any health or safety standards in the operation of the Franchised Business. It is acknowledged that in some jurisdictions it may be unlawful to board animals in your home. In the case of the Franchised Business being located in such a jurisdiction, boarding will not be an approved service offered by Franchisee. It is acknowledged that in some jurisdictions, transportation of animals requires specific restraint systems, such as seatbelts and/or carriers. Franchisee shall comply with all local laws pertaining to animal care, control, and transportation.

7.17 **Obligations to Third Parties.** Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

7.18 **Notice of Legal Actions.** Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any suit to foreclose any lien or mortgage, or any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including health agencies, which (i) relates to the operation of the Franchised Business, (ii) may adversely affect the operation or financial condition of the Franchised Business, or (iii) may adversely affect Franchisee's financial condition.

7.19 **No Relocation.** Franchisee shall not relocate the Franchised Business from the Territory without the prior written approval of Franchisor. If Franchisee desires to relocate the Franchised Business, the following terms and conditions shall apply:

7.19.1 Franchisee shall submit such materials and information as Franchisor may request for the evaluation of the requested plan of relocation. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval for relocation: (i) Franchisee not be in default under any provision of this Agreement, or any other agreement between Franchisee and Franchisor; (ii) the proposed substitute location meets Franchisor's then-current standards for a Snaggle Foot Business; (iv) Franchisee must possess the financial resources to meet the costs associated with relocating; and (v) Franchisee enter into Franchisor's then-current form of Franchise Agreement (which shall replace this Agreement), provided that Franchisee shall not be required to pay an initial Franchise Fee, and execute a general release in favor of Franchisor in the form prescribed by Franchisor.

7.19.2 Any relocation of the Franchised Business shall be at Franchisee's sole cost and expense.

7.19.3 Franchisor shall have the right to charge Franchisee for costs and expenses incurred by Franchisor in connection with any approved relocation.

7.20 **Franchisee Advisory Councils.** If Franchisor should, during the term of this Agreement, form or require the formation of a franchisee advisory council or association (hereinafter "**Advisory Council**") or such successor council to serve as an advisory council to Franchisor with respect to advertising, marketing, and other matters relating to a Snaggle Foot franchised business, Franchisee may be required to become a member of the Advisory Council. In such event, Franchisee shall pay to the Advisory Council all dues and assessments authorized by the Advisory Council and shall otherwise abide by the rules and regulations of the Advisory Council and shall at all times maintain its membership in the Advisory Council in good standing.

7.21 **Changes to the System.** Franchisee acknowledges and agrees that from time to time hereafter Franchisor may change or modify the System presently identified by the Proprietary Marks, as Franchisor deems appropriate, including without limitation to reflect the changing market and 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 a Snaggle Foot Business. Changes to the System may include, without limitation, the adoption and use of new, modified, or substituted products, services, programs, standards, policies and procedures, forms, equipment and new techniques and methodologies, and (as described in Section 8 below) additional or substitute trademarks, service marks and copyrighted materials. Changes to the System may further include, without limitation, abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination. Franchisee shall, upon reasonable notice, accept, implement, use, and display in the operation of the Franchised Business any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at Franchisee's sole expense. Additionally, Franchisor reserves the right to vary the standards throughout the System, as well as the services and assistance that Franchisor may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that Franchisor deems to be important to the operation of any Snaggle Foot Business or the System. Franchisee shall have no recourse against Franchisor on account of any variation to any franchisee and shall not be entitled to require Franchisor to provide Franchisee with a like or similar variation hereunder. Except as provided herein, Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications contemplated hereby. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, Franchisee expressly waives any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

7.22 **Modifications Proposed by Franchisee.** Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

8. PROPRIETARY MARKS

8.1 **Ownership.** Franchisor represents with respect to the Proprietary Marks that:

8.1.1 The owner of the Proprietary Marks ("Licensor") has licensed its right, title, and interest in and to the Proprietary Marks to Franchisor. Franchisor represents that applications for registration of certain Proprietary Marks may be filed in the future by the Licensor with the appropriate authorities. Franchisee acknowledges that neither Franchisor nor Licensor has made any representation or warranty to the effect that the Proprietary Marks which have not been registered shall be registered or are able to be registered therein, and the failure to obtain registrations of any of the Proprietary Marks shall not be deemed to be a breach of the terms of this Agreement by Franchisor. Moreover, Franchisee shall cooperate with Franchisor, Licensor and their representatives, at Franchisor's expense, in the prosecution of any applications or registrations of any Proprietary Marks which have been filed with the appropriate authorities.

8.1.2 Franchisor will take all steps reasonably necessary to preserve and protect the ownership and validity in and to the Proprietary Marks.

8.2 **License to Franchisee.** Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement in connection with the operation of the Franchised Business, and any unauthorized use thereof shall constitute an infringement of rights of Franchisor. Nothing in this Agreement

shall be construed as authorizing or permitting their use at any other location or for any other purpose except as may be authorized in writing by Franchisor.

8.3 **Terms of Franchisee's Usage.** With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.3.1 It shall use only the Proprietary Marks designated by Franchisor, and to use them only in the manner authorized and permitted by Franchisor. Further, Franchisee shall not use any confusingly similar Trademarks in connection with its franchise or any other business in which it has an interest;

8.3.2 It shall use the Proprietary Marks only for the operation of the business franchised hereunder and only at the location authorized hereunder, or in Franchisor-approved advertising for the business conducted at or from that location;

8.3.3 It shall operate and advertise the Franchised Business only under the name "Snaggle Foot," and use the Proprietary Marks without prefix or suffix, unless otherwise authorized or required by Franchisor.

8.3.4 It shall not use the Proprietary Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of Franchisee in any electronic medium. Franchisee may, as necessary to conduct the business of the Franchised Business and to obtain governmental licenses and permits for the Franchised Business, indicate that Franchisee shall be operating the Franchised Business under the trade name "Snaggle Foot," provided that Franchisee shall also clearly identify itself as the owner and operator of the Franchised Business;

8.3.5 It shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including on invoices, order forms, receipts, and business stationery, as well as at such conspicuous places in connection with the Franchised Business as Franchisor may designate in writing;

8.3.6 It shall not use the Proprietary Marks in such a way as to incur any obligation or indebtedness on behalf of Franchisor; and

8.3.7 It shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. At Franchisor's request, Franchisee shall assign, transfer or convey to Franchisor, in writing, all additional rights, if any, that may be acquired by Franchisee as a result of its use of the Proprietary Marks.

8.4 **Franchisee Acknowledgments.** Franchisee expressly understands and acknowledges that:

8.4.1 Franchisor is the licensee of the owner of the Proprietary Marks, with all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and that Franchisor has the sole right to use, and license others to use, the Proprietary Marks;

8.4.2 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's right to use and to license others to use, the Proprietary Marks;

8.4.3 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.4.4 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and, upon expiration or termination of this

Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

8.4.5 The right and license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling the products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee;

8.4.6 Franchisor shall approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, equipment, or other materials and supplies employing the Proprietary Marks shall be in accordance with this Agreement and the Confidential Operations Manuals, and Franchisee shall obtain Franchisor's approval prior to such use. For each occurrence that Franchisee uses any unapproved signs, memos, stationery, business cards, advertising materials, publicity materials, point of sale materials, decorations, furnishings, equipment, or any other objects or supplies using the Proprietary Marks, Franchisor reserves the right to impose a fee of Two Hundred and Fifty Dollars (\$250), which will be added to Franchisees required Advertising Obligation payable into the System Ad Fund, in accordance with Section 12.2;

8.4.7 Franchisor shall have the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder at the sole discretion of Franchisor. If it becomes advisable at any time, in the discretion of Franchisor, to modify or discontinue use of any Proprietary Mark and/or to adopt or use one or more additional or substitute Proprietary Marks, then Franchisee shall be obligated to comply with any such instruction by Franchisor within thirty (30) days of receipt of notice from Franchisor. In such event and at Franchisor's direction, Franchisee shall, within thirty (30) days of receipt of notice from Franchisor, adopt, use and display only such new or modified Proprietary Marks and shall discontinue the use and display of outmoded or superseded Proprietary Marks, at Franchisee's expense. Franchisee waives any other claim arising from or relating to any Proprietary Mark change, modification or substitution. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any proprietary mark addition, modification, substitution or discontinuation. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages;

8.4.8 Upon the expiration, termination or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, Franchisee shall not represent or imply that he is associated with Franchisor. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, reasonable attorneys' fees, costs and interest;

8.4.9 In order to develop and maintain high uniform standards of quality and service and to protect the reputation and goodwill of Franchisor, Franchisee agrees to do business and advertise using only the Proprietary Marks designated by the Franchisor. Franchisee shall not do business or advertise using any other name. Franchisee is not authorized to and shall not use the words "Snaggle Foot" by itself, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which Franchisee is associated, or with a bank account, trade account or in any legal or financial connection;

8.4.10 In order to preserve the validity and integrity of the Proprietary Marks, and to assure that Franchisee is properly employing them in the operation of Franchisee's business, Franchisor and its agents shall have the right at all reasonable times to inspect Franchisee's business, financial books and records, and operations. Franchisee shall cooperate with and assist Franchisor's representative in such inspections;

8.4.11 Franchisee shall be required to affix the SM or ® symbol upon all advertising, publicity, signs, decorations, furnishings, equipment or other printed or graphic material employing the words "Snaggle Foot" or any other of the Proprietary Marks, whether presently existing or developed in the future;

8.4.12 Franchisee acknowledges that it does not have any right to deny the use of the Proprietary Marks to any other franchisees. In consideration therefore, Franchisee shall execute all documents and take such action as may be requested to allow Franchisor or other franchisees to have full use of the Proprietary Marks;

8.4.13 If, during the term of this Agreement, there is a claim of prior use of any of the Proprietary Marks in the area in which Franchisee is doing business or in another area or areas, Franchisee shall so use any of Franchisor's other Proprietary Marks in such a way and at Franchisor's discretion in order to avoid a continuing conflict;

8.4.14 Franchisee shall immediately notify Franchisor of any apparent infringement of or challenge to Franchisee's use of the Proprietary Marks, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks. Franchisee also agrees to immediately notify Franchisor of any other litigation instituted by any person, firm, corporation or governmental entity against Franchisor or Franchisee;

8.4.15 Franchisor shall undertake the defense or prosecution of any litigation concerning Franchisee that relates to any of the Proprietary Marks or that, in Franchisor's judgment, may affect the goodwill of the System; and Franchisor may, in such circumstances, undertake any other action which it deems appropriate. Franchisor shall have sole and complete discretion in the conduct of any defense, prosecution or other action it chooses to undertake. In that event, Franchisee shall execute those documents and perform those acts which, in the opinion of Franchisor, are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by Franchisor; and

8.4.16 Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which it is held liable in any proceeding in which Franchisee's use of any Proprietary Mark pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceedings in which it is named as a party, provided that Franchisee has timely notified the Franchisor of such claim or proceedings, has otherwise complied with this Agreement and has tendered complete control of the defense of such to the Franchisor. If the Franchisor defends such claim, the Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

9. MANUALS

9.1 **The Manuals and Furnishings to Franchisee.** In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business in accordance with the required standards and specifications specified in the Manuals, which Franchisee shall receive on loan from Franchisor, in a manner chosen by Franchisor, via electronic access, hard copy volumes, computer disks, videotapes, or otherwise, including such amendments thereto, as Franchisor may publish from time to time, upon completion by Franchisee of initial training. Franchisee

expressly acknowledges and agrees that Franchisor may provide a portion or all (including updates and amendments) of the Manuals, and other instructional information and materials in, or via, electronic media, including without limitation, the use of the Internet. Any mandatory standards and specifications contained in the Manuals exist to create uniform standards of service and to protect Franchisor's interest in the System and the Proprietary Marks, and not for the purpose of establishing control over, or any duty to take control over, the day-to-day operations of the Franchised Business location reserved to Franchisee.

9.2 **The Manuals are Proprietary and Confidential.** Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. Franchisee shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor.

9.3 **The Manuals Remain Franchisor's Property.** The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place at the Franchised Business location, and shall be returned to Franchisor, as set forth in Section 16.7 below, upon the termination or expiration of this Agreement.

9.4 **Revisions to the Manuals.** Franchisor may from time to time revise the contents of the Manuals to improve or maintain the standards of the System and the efficient operation thereof, or to protect or maintain the goodwill associated with the "Snaggle Foot" name and Proprietary Marks or to meet competition, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall insure that the Manuals are kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copies maintained at the home office of Franchisor shall be controlling.

10. CONFIDENTIAL INFORMATION

10.1 **Agreement with Respect to Confidentiality.** Franchisee acknowledges and agrees that it shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any confidential information, knowledge, or know-how concerning Franchisor, the System, the products and services and/or the marketing, management or operations of the Franchised Business that may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at or after the time of disclosure by Franchisor to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.

10.2 **Individual Covenants of Confidentiality.** Franchisee shall require its manager(s) and any personnel having access to any confidential information of Franchisor to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E.

10.3 **Remedies for Breach.** Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorney's fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10.

10.4 **Grantback.** Franchisee agrees to disclose to Franchisor all ideas, concepts, methods, techniques, and products conceived or developed by Franchisee, its affiliates, owners, or employees during the term of this Agreement relating to the development and/or operation of the Franchised Business. Franchisee hereby grants to Franchisor and agrees to procure from its affiliates, owners, or employees a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques in all Business businesses operated by Franchisor or its affiliates, franchisees, and designees. Franchisor shall have no obligation to make any payments to Franchisee with respect to any such ideas, concepts, methods, techniques, or products. Franchisee agrees that Franchisee will not use or allow any other person or entity to use any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

11. ACCOUNTING AND RECORDS

11.1 **Books and Records.** With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain for a period of not less than seven (7) years during the term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns of Franchisee and each of the Principals; (vi) suppliers' invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; and (ix) such other records as Franchisor may from time to time request.

11.2 **Franchisee's Reports to Franchisor.** In addition to the Sales Reports required pursuant to Section 4.3 above, Franchisee may be required to:

11.2.1 Grant Franchisor access to Franchisee's financial information through the use of the internet and certain Required Software. In the alternative, prepare by the twentieth (20th) day of each calendar month a balance sheet, profit and loss statement, cash flow statement and an activity report for the last preceding calendar month, which shall be in the form prescribed by Franchisor. Franchisee shall maintain and submit such statements and reports to Franchisor at the times as Franchisor may designate or otherwise request.

11.2.2 Submit to Franchisor on April 15th of the year following the end of each calendar year, unless Franchisor designates in writing a different due date, during the term of this Agreement, a profit and loss statement for such year and a balance sheet as of the last day of such year, prepared on an accrual basis in accordance with U.S. generally accepted accounting principles ("GAAP"), including but not limited to all adjustments necessary for fair presentation of the financial statements. Franchisee shall certify such financial statements to be true and correct. Additionally, Franchisor reserves the right to require Franchisee to prepare (or cause to be prepared) and provide to Franchisor annual financial statements, (that includes a fiscal year-end balance sheet, an income statement of the Franchised Business for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee), and to require that such statements be prepared on a review basis by an independent certified public accountant (who Franchisor may require to be retained in accordance with Section 4.8). Franchisee shall provide such additional information, if any, as Franchisor may reasonably require in order for Franchisor to meet its obligations under GAAP.

11.2.3 Franchisee shall maintain its books and records, and provide all statements and reports to Franchisor, using the standard statements, templates, categories, and chart of accounts that Franchisor provides to Franchisee.

11.2.4 Submit to Franchisor such other periodic reports, forms and records as specified, and in the manner and at the time as specified in the Manuals or as Franchisor shall otherwise require in writing from time to time (including without limitation the requirement that Franchisee provide or make available to Franchisor certain sales and financial information in electronic format and/or by electronic means).

11.3 **Inspection and Audit.** Franchisor and its agents shall have the right at all reasonable times to examine and copy, at the expense of Franchisor, the books, records, accounts, and/or business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books of Franchisee. If an inspection should reveal that any contributions or payments have been understated in any statement or report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. If an inspection discloses an understatement in any statement or report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

12. MARKETING AND PROMOTION

12.1 **Franchisee's Advertising Obligations.** Recognizing the value of marketing and promotion, and the importance of the standardization of marketing and promotion programs to the furtherance of the goodwill and public image of the System, Franchisee and Franchisor agree as follows:

12.1.1 Franchisor reserves the right to require that Franchisee, during each Month (except for expenditures on local advertising and promotion, which shall be measured on an annual basis), spend and/or contribute on advertising and promotion amounts, which, in the aggregate, are equal to three percent (3%) of Franchisee's Net Sales during the preceding Month to advertise and to promote the Franchised Business (together, the "**Advertising Obligation**"); provided, however, that the Advertising Obligations may exceed such amount under the circumstances set forth in Section 12.1.4 below. The Advertising Obligation shall be in the form of the following, and in such proportions as may be designated by Franchisor in writing from time to time: (i) contributions paid to the System Ad Fund, pursuant to Section 12.2 below, (ii) contributions paid to any Cooperative Ad Fund, as may be established pursuant to Section 12.3 below, and/or (iii) expenditures by Franchisee on "local advertising and promotion" pursuant to Section 12.4.

12.1.2 As of the Effective Date and until Franchisee receives written notice from Franchisor of new allocations, the allocation of the Advertising Obligations shall be as follows: two percent (2%) of Net Sales shall be contributed by Franchisee to the System Ad Fund and one percent (1%) of Net Sales shall be spent by Franchisee on local advertising and promotion, which amount will be used to satisfy the Cooperative Ad Fund, if and when one is instituted in Franchisee's trading area. The Cooperative Ad Fund contribution will not exceed three (3%) of Franchisee's Net Sales, unless the members of such Cooperative Ad Fund vote to exceed the maximum amount. Any contributions made by Franchisee to a Cooperative Ad Fund will be credited against Franchisee's local advertising expenditure requirement.

12.1.3 The Advertising Obligation is the minimum requirement only, and Franchisee may, and is encouraged to, expend additional funds for marketing and promotion. In addition to the Advertising Obligation, Franchisee shall undertake and complete the Grand Opening Advertising Program, as provided in Section 13.5 below.

12.1.4 Franchisee's aggregate Advertising Obligations may exceed three (3%) of Franchisee's Net Sales, if the members of a Cooperative Ad Fund, of which Franchisee is a member, approve (as described in Section 13.3 below) required contributions to the Cooperative Ad Fund that, when aggregated

with Franchisee's other requirements under this Section 12, would cause Franchisee's Advertising Obligations to exceed three (3%) of Franchisee's Net Sales.

12.2 System Ad Fund. Franchisor shall have the right at any time, in its sole discretion to establish a fund for system-wide advertising and promotion of the System (the "**System Ad Fund**"). During the existence of the System Ad Fund, Franchisee shall contribute to the System Ad Fund in the manner specified in Section 4.1 above, such amounts as Franchisor may specify in accordance with Section 12.1 above. The System Ad Fund shall be maintained and administered by Franchisor as follows:

12.2.1 Franchisor shall direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. Franchisor is not obligated, in administering the System Ad Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the System Ad Fund.

12.2.2 The System Ad Fund, all contributions thereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and preparing marketing, advertising, public relations, and/or promotional programs and materials, and any other activities including socially responsible activities, which Franchisor believes will enhance the image of the System, including, among other things, the costs of preparing and conducting media marketing campaigns; direct mail advertising; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; sponsorship of organizations and events; purchasing promotional items; conducting and administering in-store promotions; and providing promotional and other marketing materials and services to a Snaggle Foot Businesses operating under the System.

12.2.3 Franchisee shall contribute to the System Ad Fund by separate payment made payable (or as otherwise directed for payment) to Franchisor. All sums paid by Franchisee to the System Ad Fund shall be accounted for separately and shall not be used to defray any of the expenses of Franchisor, except for such reasonable costs, salaries and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the System Ad Fund and marketing programs for operators and the System, including costs of personnel for creating and implementing marketing, advertising, and promotional programs. The System Ad Fund and any earnings from it shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the System Ad Fund.

12.2.4 Franchisor, upon request, shall provide Franchisee with an annual accounting of System Ad Fund receipts and disbursements.

12.2.5 Franchisor reserves the right, in its sole discretion, to discontinue the System Ad Fund upon written notice to Franchisee.

12.2.6 Franchisor may, but is not required to, make available to Franchisee from time to time, marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, and similar marketing and promotional materials produced from contributions to the System Ad Fund. Franchisee acknowledges and agrees that it shall be reasonable for Franchisor to not provide any such materials to Franchisee during any period in which Franchisee is not in full compliance with its obligations to contribute to the System Ad Fund. Additionally, if monies of the System Ad Fund are used to produce point of sale materials, or other samples or other promotional materials and items, Franchisor may, on the behalf of the System Ad Fund, sell such items to franchisees in the System at a reasonable price, and any proceeds from the sale of such items or materials shall be contributed to the System Ad Fund.

12.3 **Cooperative Ad Fund.** Franchisor shall have the right to designate any geographical area for purposes of establishing a regional or local market advertising fund (“**Cooperative Ad Fund**”). If a Cooperative Ad Fund is established for the geographic area in which the Franchised Business is located, Franchisee shall become a member of such Cooperative Ad Fund within thirty (30) days after the date on which the Cooperative Ad Fund commences operation, or at the time the Franchisee commences operation hereunder. In no event shall Franchisee be required to be a member of more than one (1) Cooperative Ad Fund. The following provisions shall apply to each such Cooperative Ad Fund:

12.3.1 Each Cooperative Ad Fund shall be organized and governed in a form and manner, and shall commence operations on a date, approved in advance by Franchisor in writing. Unless otherwise specified by Franchisor, the activities carried on by each Cooperative Ad Fund shall be decided by a majority vote of its members. Any of a Snaggle Foot Businesses that Franchisor operates in the region shall have the same voting rights as those owned by its franchisees. Each franchisee shall be entitled to cast one (1) vote for each of a Snaggle Foot Businesses its operates that belong to the Cooperative Ad Fund. Any disputes arising among any members of the Cooperative Ad Fund shall be resolved in accordance with the rules and procedures set forth in the Cooperative Ad Fund’s governing documents.

12.3.2 Each Cooperative Ad Fund shall be organized for the exclusive purpose of administering regional or local advertising programs and developing, subject to Franchisor’s approval, standardized promotional materials for use by the members in local advertising and promotion.

12.3.3 Franchisee shall contribute to the Cooperative Ad Fund in such amounts as Franchisor may specify pursuant to Section 12.1 above, unless the members of the Cooperative Ad Fund, by a majority vote conducted in accordance with the rules, bylaws, or other governing documents of the Cooperative Ad Fund, agree to increase the Cooperative Ad Fund contribution to a rate in excess of the amount required by Franchisor.

12.3.4 Franchisee shall submit its required contributions to the Cooperative Ad Fund at the time required by Franchisor, together with such statements or reports as may be required by Franchisor or by the Cooperative Ad Fund with Franchisor’s prior written approval. If so requested by Franchisor in writing, Franchisee shall submit its payments and reports to the Cooperative Ad Fund directly to Franchisor for distribution to the Cooperative Ad Fund.

12.3.5 Franchisor maintains the right to terminate any Cooperative Ad Fund. A Cooperative Ad Fund shall not be terminated, however, until either: (a) all monies in that Cooperative Ad Fund have been expended for advertising and/or promotional purposes; or (b) Franchisor has transferred the unexpended monies to the System Ad Fund in the event there are no longer any of a Snaggle Foot Businesses operating within the geographic area covered by such Cooperative Ad Fund.

12.4 **Local Advertising.** Franchisee shall comply with the following with respect to “local advertising and promotion” for the Franchised Business:

12.4.1 Franchisee shall spend on an annual basis such amounts as Franchisor may specify in accordance with Section 12.1 above. Franchisee shall account for such expenditures on a routine basis and shall prepare, in accordance with the schedule and procedures specified by Franchisor from time to time, detailed reports describing the amount of money expended on local advertising and promotion during such previous period. Franchisee shall maintain all such statements, reports and records, and shall submit same to Franchisor as Franchisor may specify in the Manuals or otherwise request of Franchisee. Additionally, at the request of Franchisor, Franchisee shall submit bills, statements, invoices, or other documentation satisfactory to Franchisor to evidence Franchisee’s advertising or marketing activities.

12.4.2 As used in this Agreement, the term “**local advertising and promotion**” shall refer to advertising and promotion related directly to the Franchised Business, and shall, unless otherwise specified, consist only of the direct costs of purchasing advertising materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), promotion, direct out-of-pocket expenses related to costs of advertising and sales promotion (including, but not limited to, advertising agency fees and expenses, cash and “in-kind” promotional payments, postage, shipping, telephone, and photocopying), and such other activities and expenses as Franchisor, in its sole discretion, may specify. Franchisor may provide to Franchisee, in the Manuals or otherwise in writing, information specifying the types of advertising and promotional activities and costs which shall not qualify as “local advertising and promotion,” including, without limitation, the value of advertising coupons, and the costs of products provided for free or at a reduced charge for charities or other donations.

12.4.3 Upon written notice to Franchisee, Franchisor may require Franchisee to participate in mandatory promotions as Franchisor may develop and implement from time to time.

12.5 **Grand Opening Advertising.** In addition to the Advertising Obligation, Franchisee shall expend a minimum of between Five Hundred Dollars (\$500) and Five Thousand Dollars (\$5,000) for grand opening advertising and promotional programs in conjunction with the Franchised Business’s initial grand opening, pursuant to a grand opening marketing plan developed by Franchisor or developed by Franchisee and approved in writing by Franchisor (the “**Grand Opening Advertising Program**”). The Grand Opening Advertising Program shall be executed and completed within ninety (90) days after the Franchised Business commences operation. Franchisee shall submit to Franchisor, for Franchisor’s prior written approval, samples of all advertising and promotional material not prepared or previously approved by Franchisor. For the purpose of this Agreement, the Grand Opening Advertising Program shall be considered local advertising and promotion, as provided under Section 12.4 above. Franchisor reserves the right to require Franchisee to deposit with Franchisor the funds required under this Section 12.5 to distribute as may be necessary to conduct the Grand Opening Advertising Program.

12.6 **Standards for Advertising.** All advertising, marketing, and promotion to be used by Franchisee, the System Ad Fund or any Cooperative Ad Fund shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any marketing or promotional plans or materials that are not provided by Franchisor unless and until Franchisee has submitted the materials to Franchisor, pursuant to the procedures and terms set forth in Section 12.7 herein.

12.7 **Franchisor’s Approval of Proposed Plans and Materials.** If Franchisee desires to use marketing and promotional plans and materials that have not been provided or previously approved by Franchisor, Franchisee shall submit samples of all such marketing and promotional plans and materials to Franchisor (as provided in Section 21 herein) for prior approval (including prices to be charged, as we provide recommendations and assistance in setting prices for services in your territory). If written notice of disapproval is not received by Franchisee from Franchisor within five (5) business days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have not approved them.

12.8 **Ownership of Advertising Plans and Materials.** Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Proprietary Marks shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

13. INSURANCE

13.1 **Insurance.** Franchisee shall procure at its expense and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with Franchisee's operations and the Franchised Business, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and such of its respective officers, directors, partners, members, affiliates, subsidiaries, and employees must be named additional insureds in such policy or policies.

13.2 **Coverages.** Such policy or policies shall be written by an insurance company satisfactory to Franchisor in accordance with standards and specifications set forth in the Manuals or otherwise in writing; provided, however, that Franchisor shall have the right to designate from time to time, one or more insurance companies as the insurance carrier(s) for a Snaggle Foot Business, and if required by Franchisor, Franchisee shall obtain its insurance coverage from the designated insurance company (or companies). The policy or policies shall include, at a minimum (except different coverages, umbrella coverages, and policy limits as may reasonably be specified for all Franchisees from time to time by Franchisor in the Manuals or otherwise in writing) the following:

13.2.1 Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated. If Franchisee is permitted to and elects not to have worker's compensation insurance for its owners and officers, Franchisee shall maintain coverages for these individuals at all times for work-related injuries.

13.2.2 Comprehensive general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) general aggregate including the following coverages: personal injury (employee and contractual inclusion deleted); and products/completed operation. All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business. The required coverage amounts herein may be modified from time to time by Franchisor to reflect inflation or future experience with claims.

13.2.3 Automobile liability insurance, and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars (\$1,000,000) combined single limit, and One Million Dollars (\$1,000,000) general aggregate limit.

13.2.4 Dishonesty or fidelity bond.

13.2.5 The insurance shall cover the acts or omissions of each and every one of the persons who perform services of whatever nature at the Franchisee's Business, and shall protect against all acts of any persons who patronize the Business and shall contain a waiver of subrogation against Franchisor. Franchisee shall immediately notify Franchisor, in writing, of any accidents, injury, occurrence or claim that might give rise to a liability or claim against Franchisor or which could materially affect Franchisee's business, and such notice shall be provided no later than the date upon which Franchisee notifies its insurance carrier.

13.3 **Certificates of Insurance.** The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. At least thirty (30) days prior to the opening of the Franchised Business, and thereafter on an annual basis, Franchisee shall provide Franchisor with a Certificate of Insurance and a copy of the policy, or such other documentation required by Franchisor, showing compliance with the foregoing requirements. Such certificate and copy of the policy shall state that said policy or policies will not be canceled or altered without at least

thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of such insurance and the performance by Franchisee of the obligations under this Paragraph shall not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Franchisee acknowledges that minimum limits as required above may be modified by Franchisor in its sole discretion from time to time, by written notice to Franchisee.

13.4 **Franchisor's Right to Procure Insurance for Franchisee.** Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge same to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

14. TRANSFER OF INTEREST

14.1 **Franchisor's Rights to Transfer.** Franchisor shall have the right, without the need for Franchisee's consent, to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, provided that any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Upon any such transfer or assignment, Franchisor shall be under no further obligation hereunder, except for accrued liabilities, if any. If Franchisor transfers or assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the "Snaggle Foot" business or to offer or sell any products or services to Franchisee. In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may sell its assets, its Proprietary Marks, its Proprietary products and services, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring.

14.2 **No Transfers Without Franchisor's Approval.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee or the Principals of Franchisee, if Franchisee is not an individual, and that Franchisor has granted this franchise in reliance on Franchisee's or Franchisee's Principals' business skill, financial capacity, and personal character. Accordingly:

14.2.1 Franchisee shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber: (a) the rights and/or obligations of Franchisee under this Agreement; or (b) any material asset of Franchisee or the Franchised Business.

14.2.2 If Franchisee is a corporation or limited liability company, Franchisee shall not, without the prior written consent of Franchisor, issue any voting securities or securities convertible into voting securities, and the recipient of any such securities shall become a Principal under this Agreement, if so approved by Franchisor.

14.2.3 If Franchisee is a partnership or limited partnership, the partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner shall automatically be deemed a Principal under this Agreement.

14.2.4 A Principal shall not, without the prior written consent of Franchisor, transfer, pledge or otherwise encumber any ownership interest of the Principal in Franchisee, as such is identified in Exhibit B.

14.3 **Conditions on Transfer.** Franchisor shall not unreasonably withhold any consent required by Section 14.2 above. However, if the proposed transfer alone or together with other previous, simultaneous,

or proposed transfers would: (a) have the effect of changing control of Franchisee; (b) result in the assignment of the rights and obligations of Franchisee under this Agreement; or (c) transfer the ownership interest in all or substantially all of the assets of the Franchised Business, Franchisor shall have the right to require any or all of the following as conditions of its approval:

14.3.1 All of Franchisee's monetary obligations and all other outstanding obligations to Franchisor, its affiliates, and the approved suppliers of the System have been satisfied in full;

14.3.2 Franchisee shall not be in default under any provision of this Agreement, any other agreement between Franchisee and Franchisor or its affiliate or any approved supplier of the System;

14.3.3 Each transferor (and, if the transferor is other than an individual, the transferor and such owners of beneficial interest in the transferor as Franchisor may request) shall have executed a general release in a form satisfactory to Franchisor of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;

14.3.4 The transferee of a Principal shall be designated as a Principal and each transferee who is designated a Principal shall enter into a written agreement, in a form satisfactory to Franchisor, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee. Additionally, the transferee and/or such owners of the transferee as Franchisor may request shall guarantee the performance of the transferee's obligations in writing in a form satisfactory to Franchisor;

14.3.5 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed transfer do not place an unreasonable financial or operational burden on the transferee, and that the transferee (or, if the transferee is other than an individual, such owners of beneficial interest in the transferee as Franchisor may request) meets Franchisor's then-current application qualifications (which may include educational, managerial, socially responsible and business standards, as well as good moral character, business reputation, and credit rating); has the aptitude and ability to operate the Franchised Business; absence of conflicting interests; and has adequate financial resources and capital to operate the Franchised Business;

14.3.6 At Franchisor's option, the transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall execute the form of franchise agreement then being offered to new System franchisees, and such other ancillary agreements required by Franchisor for the business franchised hereunder, which agreements shall supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher and/or additional fees;

14.3.7 If so requested by Franchisor, the transferee, at its expense, shall upgrade the Franchised Business, and other equipment to conform to the then-current standards and specifications of a Snaggle Foot Businesses then being established in the System, and shall complete the upgrading and other requirements within the time specified by Franchisor.

14.3.8 The transferor shall remain liable for all of the obligations to Franchisor in connection with the Franchised Business that arose prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.9 The transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) and the transferee's manager (if applicable) shall, at the transferee's expense, successfully attend and successfully complete any training programs then in effect for operators and managers upon such terms and conditions as Franchisor may reasonably require, and if transferee has not

successfully completed the Franchisor's training program, then the Franchisee or transferee must pay the Franchisor's additional training fee;

14.3.10 Franchisee shall pay a transfer fee of Five Hundred Dollars (\$500) to compensate Franchisor for its expenses incurred in connection with the transfer.

14.3.11 The transferee shall be responsible for the costs associated with transfer of business systems, which may include some or all of the initial costs listed in Item 7 of the Franchise Disclosure Document. Transferee shall comply with the training program and associated costs as outlined in Sections 5.4, 5.5, and 5.6.

14.3.12 The transferor(s), at the request of Franchisor, shall agree in writing to comply with the covenants set forth in Section 17 below.

14.4 **Additional Terms.** For any transfer not covered by Section 14.3, each transferee (and, if the transferee is not an individual, such Principals of the transferee as Franchisor may request) shall, in addition to the requirement of obtaining Franchisor's consent as provided in Section 14.2, be subject to the requirements of Sections 14.3.3 and 14.3.4 above (with respect to execution of releases and personal guarantees).

14.5 **Security Interests.** Neither Franchisee nor any Principal shall grant a security interest in, or otherwise encumber, any of the assets or securities of Franchisee, including the Franchised Business unless Franchisee satisfies the requirements of Franchisor, which include, without limitation, execution of an agreement by the secured party in which it acknowledges the creditor's obligations under this Section 14, and agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness resulting from Franchisee's default shall be void.

14.6 **Right of First Refusal.** If Franchisee or any Principal desires to accept any *bona fide* offer from a third party to purchase Franchisee, any material asset of Franchisee, or any direct or indirect interest in Franchisee, Franchisee or such Principal shall promptly notify Franchisor, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of the written transfer request and the required information and documentation related to the offer (including any information that Franchisor may reasonably request to supplement or clarify information provided to Franchisor with the written transfer request), to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party; provided, however, a spouse, domestic partner, parent or child of the seller shall not be considered a third party for purposes of this Section 14.6. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within forty-five (45) days from the date of notice to the seller of the election to purchase by Franchisor, or, if longer, on the same timetable as contained in the *bona fide* offer.

14.6.1 Any material change thereafter in the terms of the offer from the third party or by Franchisee, or a change in the identity of the third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer.

14.6.2 If the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or

conditions offered by the third party, Franchisor shall designate an independent appraiser to make a binding determination. The cost of any such appraisal shall be shared equally by Franchisor and Franchisee. If Franchisor elects to exercise its right under this Section 14.6, Franchisor shall have the right to set off all amounts due from Franchisee, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

14.7 **Death of a Principal.** Upon the death of a Principal, the deceased's executor, administrator, or other personal representative shall transfer the deceased's interest to a third party acceptable to and approved by Franchisor within twelve (12) months after the death.

14.8 **Permanent Disability of Controlling Principal.** Upon the permanent disability of any Principal with a controlling interest in Franchisee, Franchisor shall have the right to require such interest to be transferred to a third party in accordance with the conditions described in this Section 14 within six (6) months after notice to Franchisee. "**Permanent Disability**" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement for at least six (6) consecutive months; and from which recovery within six (6) consecutive months from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by Franchisor upon examination of such person or, if such person refuses to be examined, then such person shall automatically be deemed permanently disabled for the purposes of this Section 14.8 as of the date of refusal. Franchisor shall pay the cost of the required examination.

14.9 **Notice to Franchisor of Death or Permanent Disability.** Upon the death or permanent disability of Franchisee or any Principal of Franchisee, such person or his representative shall promptly notify Franchisor of such death or claim of permanent disability. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as any *inter vivos* transfer.

14.10 **Limited Exceptions.** Notwithstanding anything to the contrary in this Section 14:

14.10.1 Franchisee shall not be required to pay the transfer fee due under Section 14.3.10 above, if the transferee: (a) is a spouse, domestic partner, parent, or direct lineal descendant or sibling of Franchisee or of a Principal of Franchisee (or more than one of such persons), provided that the transferee has been involved in, and is knowledgeable regarding, the operations of the Franchised Business; (b) is a Principal of Franchisee; or (c); is a transferee under Sections 14.7 or 14.8 above.

14.10.2 If Franchisee is an individual and seeks to transfer this Agreement to a corporation, partnership, or limited liability company formed for the convenience of ownership, the conditions of Sections 14.3.6 (signing a new franchise agreement), 14.3.7 (upgrading the Franchised Business), and 14.3.10 (transfer fee) shall not apply, and Franchisee may undertake such transfer, provided that: (a) Franchisee owns one hundred percent (100%) of the equity interest in the transferee entity; (b) Franchisee and any other Principal(s) personally guarantee, in a written guaranty satisfactory to Franchisor, the performance of the obligations of the Franchisee under the Franchise Agreement; (c) Franchisee executes a Transfer of Franchise form as prescribed and approved by Franchisor; (d) such transferee entity is newly organized and its business purpose is confined exclusively to operating the Franchised Business under this Agreement; and (e) Franchisee and any other Principal(s) execute any and all other ancillary agreements as Franchisor may require.

14.11 **No Waiver.** The consent of Franchisor to any transfer pursuant to this Section 14 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be a waiver of the right of Franchisor to demand exact compliance with any of the terms of this Agreement by any transferor or transferee.

14.12 **Bankruptcy.** If Franchisee or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S.

or elsewhere, it is the parties' understanding and agreement that any transfer of the ownership of Franchisee, Franchisee's obligations and/or rights hereunder and/or any material assets of Franchisee, shall be subject to all of the terms of this Section 14.

14.13 **No Transfers in Violation of Law.** Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

15. DEFAULT AND TERMINATION

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

15.2 **Termination Upon Notice.** Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately by giving written notice to Franchisee (in the manner provided under Section 24 hereof), upon the occurrence of any of the following events:

15.2.1 If Franchisee fails to maintain all necessary state and local licensing requirements for the care of dogs and other pets.

15.2.2 If Franchisee fails to complete all pre-opening obligations and to open the Franchised Business within the time limits as provided in Section 4.1 above;

15.2.3 If Franchisee or any of its Principals is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the products and services, the goodwill associated therewith, or the interest of Franchisor therein;

15.2.4 If a threat or danger to public health or safety, or the welfare of any animals, results from the operation of the Franchised Business;

15.2.5 If Franchisee's action or inaction, at any time, results in the forfeiture of the right to do or transact business in the jurisdiction where the Franchised Business is located;

15.2.6 If Franchisee or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 14 hereof;

15.2.7 If Franchisee knowingly maintains false books or records, or knowingly submits any false statements or reports to Franchisor;

15.2.8 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

15.2.9 If Franchisee fails to comply with the covenants in Section 17.2 below or fails to timely obtain execution of the covenants required under Section 17.5 below;

15.2.10 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or if Franchisee otherwise operates the Franchised Business in a manner that materially impairs the reputation or goodwill associated with the System, Proprietary Marks, products and services, or the rights of Franchisor therein;

15.2.11 If Franchisee, after curing a default pursuant to Sections 15.3 or 15.4 hereof, commits the same default again, whether or not cured after notice.

15.2.12 If Franchisee commits three (3) or more defaults under this Agreement in any twelve (12) month period, whether or not each such default has been cured after notice (this provision in no way limits Section 15.2.11 above);

15.2.13 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business for a period of three (3) consecutive days unless such closure is approved in writing by Franchisor, or excused due to a Force Majeure Event, as defined in Section 25.6.

15.2.14 If Franchisee fails to achieve the Minimum Sales Growth requirement set forth in Section 4.6, provided that in lieu of termination Franchisor will have the right, at its option and on written notice to Franchisee, to modify the Territory as a result of Franchisee's failure to achieve the Minimum Sales Growth requirement.

15.2.15 If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

15.3 Notice and Opportunity to Cure - 7 Days. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating the nature of the default to Franchisee at least seven (7) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the seven (7) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the seven (7) day period or such longer period as applicable law may require.

15.3.1 If Franchisee fails, refuses, or neglects promptly to pay any monies owing to Franchisor or its affiliates when due;

15.3.2 If Franchisee refuses to permit Franchisor to inspect the books, records, or accounts of Franchisee upon demand; or

15.3.3 If Franchisee fails to operate the Franchised Business during such days and hours specified in the Manuals (this provision in no way limits Section 15.2.13).

15.4 Notice and Opportunity to Cure - 30 Days. Except as otherwise provided in Sections 15.1, 15.2, and 15.3 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 23 hereof) stating

the nature of the default to Franchisee at least thirty (30) days prior to the effective date of termination; provided, however, that Franchisee may avoid termination by immediately initiating a remedy to cure such default, curing it to the satisfaction of Franchisor, and by promptly providing proof thereof to Franchisor within the thirty (30) day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

15.5 **Cross Defaults.** Any default by Franchisee under this Agreement may be regarded as a default under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee). Any default by Franchisee under any other agreement between Franchisor (or any affiliate of Franchisor) and Franchisee (or any affiliate of Franchisee) may be regarded as a default under this Agreement.

15.6 **Termination by Franchisee.** Franchisee will have the right to terminate this Agreement if Franchisor violates any material obligation owed to Franchisee under this Agreement, and fails to cure such violation within sixty (60) days after Franchisor's receipt of written notice of default from Franchisee; provided, however, that Franchisee must be in substantial compliance with this Agreement at the time of giving such notice of default. Franchisee's written notice of default must identify the claimed violation and specify the actions that must be taken to cure the claimed violation.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

16.1 **Stop Operating.** Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor in connection with the promotion or operation of any other business.

16.2 **Stop Using the System.** Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Mark "Snaggle Foot" and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, Franchisee shall cease to use all signs, marketing materials, displays, stationery, forms, products, and any other articles which display the Proprietary Marks. The Franchisee must close all social media, digital, and online accounts that use or display the Proprietary Marks or System, or at Franchisor's option assign any such accounts to Franchisor or its designee. Additionally, Franchisee shall immediately cease using any and all customer information and data and, at Franchisor's option, assign any existing customer contracts to Franchisor or Franchisor's designee.

16.3 **Cancel Assumed Names.** Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Snaggle Foot" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 **Phone Numbers and Directory Listings.** In addition, Franchisee shall cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other identifiers, whether or not authorized by Franchisor, used by Franchisee while operating the Franchised Business, and shall promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business telephone directories, including "yellow" and "white" pages, or at Franchisor's request transfer same to Franchisor. Franchisee hereby authorizes Franchisor to instruct issuers of any telephone and internet domain name services, and other providers to transfer any such telephone numbers, domain names,

websites, addresses, and any other identifiers to Franchisor upon termination of this Agreement, without need for any further approval from Franchisee. Without limiting the foregoing, Franchisee hereby agrees to execute a Telephone Number Assignment and Power of Attorney form attached to this Agreement as Exhibit F in order to implement this Section 16.4.

16.5 **No Use of Proprietary Marks or Trade Dress in other Businesses.** Franchisee agrees, in the event it continues to operate, or subsequently begins to operate, any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in the sole discretion of Franchisor, is likely to cause confusion, mistake, or deception, or which, in the sole discretion of Franchisor, is likely to dilute the rights of Franchisor in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description, or representation (including but not limited to reference to Franchisor, the System, or the Proprietary Marks) which, in the sole discretion of Franchisor, suggests or represents a present or former association or connection with Franchisor, the System, or the Proprietary Marks.

16.6 **Pay Franchisor All Amounts Due.** Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include, without limitation, all damages, costs, and expenses, including reasonable attorneys' fees and interest on such expenses, incurred by Franchisor as a result of the default and termination, which obligation shall give rise to, and remain until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee at the time of default.

16.7 **Return of Manuals and Confidential Information.** Franchisee shall, at its own expense, immediately deliver to Franchisor the Manuals and all other records, computer disks, correspondence, and instructions containing confidential information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor.

16.8 **Franchisor's Option to Purchase Certain Assets.** Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the equipment, signs, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at the lesser of Franchisee's cost or fair market value. The cost for such items shall be determined based upon a five (5) year straight-line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

16.9 **Comply with Covenants.** Franchisee and its Principals shall comply with the covenants contained in Section 17.3 of this Agreement.

17. COVENANTS

17.1 **Full Time and Best Efforts.** Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is not an individual, the Designated Principal) and Franchisee's fully trained General Manager shall devote full time and best efforts to the management and operation of the Franchised Business.

17.2 **During the Agreement Term.** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved

in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any of a Snaggle Foot Businesses to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;

17.2.2 Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise encourage such person to leave his or her employment; or

17.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined below). A “**Competitive Business**” shall be considered a retail business with product and service offerings consisting predominantly of dog and pet care services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing. Furthermore, Franchisee acknowledges and agrees that Franchisee shall be considered in default under this Agreement and that this Agreement will be subject to termination as provided in Section 15.2.8 herein, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Franchisee (or, if Franchisee is other than an individual, each Principal that is subject to these covenants) engages in a Competitive Business that would violate this Section 17.2.3 if such person was subject to the covenants of this Section 17.2.3.

17.3 **After the Agreement and After a Transfer.** Franchisee covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing, Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any Competitive Business that is, or is intended to be, located (i) within the Territory, (ii) within a radius of twenty-five (25) miles of the outer boundary of the Territory, or (iii) within a radius of twenty-five (25) miles of the outer boundary of the territory any other Snaggle Foot Business in operation on the effective date of termination or expiration located anywhere; provided, however, that this provision shall not apply to the operation by Franchisee of any business under the System under a franchise agreement with Franchisor. Further, Franchisee shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any similar Business where proprietary information obtained from Snaggle Foot would be utilized for advertising, operations, or any type of business systems that would injure the proprietary nature of Snaggle Foot’s methodologies and business systems.

17.4 **Exception for Ownership in Public Entities.** Sections 17.2.3 and 17.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 **Personal Covenants.** Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Section 17 (including covenants applicable upon the termination of a person’s relationship with Franchisee) and the provisions of Sections 9 and 10 of this Agreement (as modified to apply to an individual) from all managers and other personnel employed by Franchisee who have received or will receive training and/or other confidential information. Every covenant required by this

Section 17.5 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them, the current form of which is attached as Exhibit E.

17.6 **Covenants as Independent Clauses.** The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.7 **Franchisor's Right to Reduce Scope of the Covenants.** Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section 17, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24 hereof.

17.8 **Covenants Survive Claims.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17; provided, however, any claims Franchisee may have against Franchisor may be brought in a separate proceeding. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

17.9 **Injunctive Relief.** Franchisee acknowledges that the foregoing restrictions are reasonable, are not vague or indefinite, and are designed to protect the legitimate business interests of Franchisor, and that in the event of a breach of covenants contained in this Section 17, the damage to Franchisor would be difficult to ascertain, and in addition to the liquidated damages payable to Franchisor as hereinafter provided for the breach of any or all of said covenants, Franchisor shall be entitled to seek injunctive and/or other equitable relief against the violation of any said covenants, together with reasonable attorneys' fees and costs.

18. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

18.1 **List of Principals.** If Franchisee is a corporation, limited liability company, or partnership, each Principal of Franchisee, and the ownership interest of each Principal in Franchisee, shall be identified in Exhibit B hereto. Franchisee shall maintain a list of all Principals and immediately furnish Franchisor with an update to the information contained in Exhibit B upon any change, which shall be made only in compliance with Section 14 above. As set forth in Section 7.3, the Designated Principal shall at all times have at least a ten percent (10%) interest in Franchisee.

18.2 **Guaranty, Indemnification, and Acknowledgment.** Each Principal shall execute a guaranty, indemnification, and acknowledgment of Franchisee's covenants and obligations under this Agreement in the form attached hereto as Exhibit C.

18.3 **Corporations and Limited Liability Companies.** If Franchisee or any successor to or assignee of Franchisee is a corporation or a limited liability company, Franchisee shall comply with the following requirements:

18.3.1 Franchisee shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

18.3.2 Franchisee shall, upon request of Franchisor, promptly furnish to Franchisor copies of Franchisee's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

18.3.3 Franchisee shall maintain stop-transfer instructions on its records against the transfer of any equity securities of Franchisee; and each stock certificate or issued securities of Franchisee shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 18.3.3 shall not apply to a publicly held corporation.

18.4 **Partnerships and Limited Liability Partnerships.** If Franchisee or any successor to or assignee of Franchisee is a partnership or limited liability partnership, Franchisee shall comply with the following requirements:

18.4.1 Franchisee shall be newly organized and its partnership agreement shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

18.4.2 Franchisee shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

18.4.3 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 **Taxes.** Franchisee shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax or assessment (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless the tax is credited against income tax otherwise payable by Franchisor.

19.2 **Compliance with Laws.** Franchisee shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 **No Fiduciary or Employment Relationship.** Franchisee is an independent contractor. Franchisor and Franchisee are completely separate entities and are not fiduciaries, partners, joint venturers, joint employers, or agents of the other in any sense and neither shall have the power to bind the other. No act or assistance given by either party to the other pursuant to this Agreement shall be construed to alter the relationship. Franchisee shall be solely responsible for compliance with all federal, state, and local laws, rules, and regulations, and for Franchisee's policies, practices, and decisions relating to the operation of the Franchised Business. Franchisee will be totally and solely responsible for the operation of its Franchised Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisee will be responsible for the acts of its employees, agents and independent contractors, and will take all reasonable business actions necessary to ensure that its employees, agents and independent contractors comply with all applicable federal, state, city, local and municipal laws,

statutes, ordinances, rules and regulations. Neither Franchisee nor any employee of Franchisee will be considered an employee of Franchisor under any circumstances. Franchisee will be totally and solely responsible for the operation of the Franchised Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with Franchisee. Franchisor will not have any right, obligation or responsibility to hire, fire, control, supervise or manage Franchisee's employees, agents or independent contractors. To the extent any legal authority determines that Franchisor has a duty to act or not act with respect to any of Franchisee's employees, agents or independent contractors, Franchisor hereby assigns to Franchisee any such duty, and Franchisee hereby accepts such assignment.

20.2 **Public Notice.** During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement from Franchisor. Franchisee agrees to take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place in connection with the Franchised Business, the content of which Franchisor reserves the right to specify.

20.3 **No Assumption of Liability.** Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on the behalf of Franchisor, or to incur any debt or other obligation in the name of Franchisor; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

20.4 **Indemnification.** Franchisee shall indemnify, reimburse and hold Franchisor, Franchisor's owners and affiliates, and their respective officers, directors, and employees (the "**Indemnitees**") harmless against any and all causes of action, claims, losses, costs, expenses, liabilities, litigation, damages or other expenses (including, but not limited to, settlement costs, attorneys' fees, and interest on such expenses) arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Business and/or Franchisee's conduct under this Agreement or the conduct of any person who works for Franchisee (notwithstanding any claims that the Indemnitees are or were negligent). Franchisee agrees that with respect to any threatened or actual litigation, proceeding or dispute which could directly or indirectly affect any of the Indemnitees, the Indemnitees shall have the right, but not the obligation, in their discretion, to: (i) choose counsel, (ii) direct, manage and/or control the handling of the matter; and (iii) settle on behalf of the Indemnitees, and/or Franchisee, any claim against the Indemnitees. All vouchers, canceled checks, receipts, receipted bills or other evidence of payments for any such losses, liabilities, costs, damages, charges, or expenses of whatsoever nature incurred by any Indemnitee shall be taken as prima facie evidence of Franchisee's obligation hereunder.

21. APPROVALS AND WAIVERS

21.1 **Approval Requests.** Whenever this Agreement requires the prior authorization, approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent must be obtained in writing.

21.2 **Non-waiver.** No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to

declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

22. WARRANTIES OF OPERATOR

22.1 **Reliance by Franchisor.** Franchisor entered into this Agreement in reliance upon the statements and information submitted to Franchisor by Franchisee in connection with this Agreement. Franchisee represents and warrants that all such statements and information submitted by Franchisee in connection with this Agreement are true, correct, and complete in all material respects. Franchisee agrees to promptly advise Franchisor of any material changes in the information or statements submitted.

22.2 **Compliance with Laws.** Franchisee represents and warrants to Franchisor that neither Franchisee (including, without limitation, any and all of its employees, directors, officers, and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

23. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

24. ENTIRE AGREEMENT

Franchisor and Franchisee, and any Principal, each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement. Recognizing the costs on both Franchisor and Franchisee which are uncertain, Franchisor and Franchisee each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings, except those set forth in the Franchise Disclosure Document, which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Franchisee agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), except those set forth in the Franchise Disclosure Document, between Franchisor or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Franchisee or the relationship between them. Franchisor and Franchisee agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

25. SEVERABILITY AND CONSTRUCTION

25.1 **Severable Parts.** Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

25.2 **Terms Surviving this Agreement.** Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination, or assignment of this Agreement (regardless of cause), shall survive such expiration, termination, or assignment.

25.3 **No Rights on Third Parties.** Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, officers, directors, shareholders, agents, and employees of Franchisor, and such successors and assigns of Franchisor as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

25.4 **Full Scope of Terms.** Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

25.5 **Franchisor's Application of its Rights.** Franchisor shall have the right to operate, develop and change the System in any manner that is not specifically precluded by this Agreement. Whenever Franchisor has reserved in this Agreement a right and/or discretion to take or withhold an action, or is deemed to have a right and/or discretion to take or withhold an action, or a right to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may make its decision or exercise its rights, on the basis of the information readily available to Franchisor, and in its judgment of what is in Franchisor's best interests and/or in the best interests of Franchisor's franchise network, at the time its decision is made, without regard to whether: (i) other reasonable or even arguably preferable alternative decisions could have been made by Franchisor; (ii) the decision or action of Franchisor will promote its financial or other individual interests; (iii) Franchisor's decision or the action it take applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned operations; or (iv) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. In the absence of an applicable statute, Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor rights or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

25.6 **Force Majeure.** A party shall not be subject to termination of this Agreement or liable to pay damages for non-performance of its obligations if the party can prove the non-performance is due to conditions beyond the party's control which the party could not, at the time of making this Agreement be expected to have considered (a "**Force Majeure Event**"). The Force Majeure Event must make performance illegal or

impossible. Force Majeure Events include, but are not limited to, war, riots, acts of terrorism, acts of God, civil disturbances, natural disasters, government regulations, governmentally declared public health emergencies, and strikes (except those involving employees or agents of the party seeking protection of this clause). The ability to invoke this clause is conditioned upon delivery of written notice of the Force Majeure Event to the other party as soon as reasonably practical, and in no event longer than ten (10) days after the occurrence of the Force Majeure Event. The party invoking this clause shall use reasonable efforts to limit damages to the other party, and shall immediately resume its performance under this Agreement upon termination of the Force Majeure Event.

26. APPLICABLE LAW AND DISPUTE RESOLUTION

26.1 **Governing Law.** This Agreement takes effect upon its acceptance and execution by Franchisor. This Agreement, the relationship between Franchisor and Franchisee, and any claims or dispute arising therefrom shall be interpreted and construed under the Federal Arbitration Act and the laws of the State of Minnesota. In the event of any conflict of law, the laws of Minnesota shall prevail, without regard to, and without giving effect to, the application of Minnesota conflict of law rules. Nothing in this Section 26.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Minnesota or of any other state to which it would not otherwise be subject. The parties agree that the Minnesota Franchise Act, or any other 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. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by the Minnesota Franchise Act.

26.2 **Non-Binding Mediation.** Before any party may bring an action in arbitration or in court against the other, the parties must first meet to mediate the dispute (except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information). Any such mediation shall be non-binding, shall be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes, and shall be held in Minneapolis, Minnesota (or in the city where franchisor's then-current headquarters are located). Notwithstanding anything to the contrary, this Section 26.2 shall not bar either party from obtaining injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation. Mediation hereunder shall be concluded within forty-five (45) days of receipt of the notice specifying the designated mediator or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Franchisor and Franchisee shall each bear its own costs of mediation, and each shall bear one-half (1/2) the cost of the mediator or mediation service.

26.3 **Arbitration.** Franchisor and Franchisee agree that, subject to Sections 17.9 and 26.2 herein, and except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or Confidential Information, all controversies, disputes, or claims between Franchisor and Franchisor's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to:

- (1) this Agreement or any other agreement between Franchisee and Franchisor;
- (2) Franchisor's relationship with Franchisee;
- (3) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or

(4) any System Standard;

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association in the United States (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current rules. All proceedings will be conducted in Minneapolis, Minnesota (or in the city where Franchisor’s then-current headquarters are located). All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator’s award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys’ fees and costs (as allowable under this Agreement or applicable law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid or, as expressly provided in Section 26.6 below, award any punitive, exemplary or multiple damages against either party.

Franchisor and Franchisee agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisee or Franchisor.

Franchisor and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor’s affiliates, and Franchisor’s and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee’s owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

Despite Franchisor’s and Franchisee’s agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit Franchisor’s dispute for arbitration on the merits as provided in this Section 26.3.

The provisions of this Section are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination.

26.4 Choice of Venue. To the extent the parties have not resolved a dispute through mediation, arbitration, or otherwise, Franchisee consents and agrees that the proper venue in any such proceeding, claim, action, or lawsuit relating to or arising out of this Agreement shall be in Hennepin County, Minnesota or the Federal District Court of Minnesota. Franchisee acknowledges that these courts shall have personal jurisdiction over it and hereby waives any defense it may have on the grounds of improper venue. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Principals waive any and all rights to proceed on a consolidated, common, or class basis.

26.5 No Rights Exclusive of Other Rights. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.

26.6 **Waiver of Jury Trial.** Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether a legal action, in mediation, or in arbitration.

26.7 **Waiver of Punitive Damages.** Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other.

26.8 **Limitation.** Except for claims arising from underreporting of Net Sales by Franchisee or non-payment of any amounts owed by Franchisee to Franchisor pursuant to this Agreement, any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Franchised Business, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

26.9 **Waiver of RICO.** The parties hereto agree to waive, now and forever, any and all rights either may have under the federal statute known as RICO.

26.10 **Injunctive Relief.** Nothing herein contained shall bar the right of Franchisor or Franchisee to obtain injunctive relief against the other for threatened conduct that will cause it loss or damages, including violations of the terms of Sections 8, 9, 10, 14, and 17 under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

26.11 **Counterparts; Paragraph Headings; Pronouns.** This Agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument. All captions and paragraph headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. Each pronoun used herein shall be deemed to include the other number of genders.

26.12 **Security Interest.** Franchisee hereby grants to Franchisor a security interest in all of Franchisee's interest in all equipment, inventory and supplies located at or used in connection with the Business, now or hereafter acquired, together with all attachments, accessions, accessories, additions, substitutions and replacements therefore, and all cash and non-cash proceeds derived from insurance or the disposition of such collateral, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, of Franchisee to Franchisor. Franchisee agrees to execute and deliver to Franchisor in a timely manner all financial statements and other documents necessary or desirable to evidence, perfect and continue the priority of such security interests under the Uniform Commercial Code.

26.13 **Attorney's Fees.** In the event Franchisor is required to employ legal counsel or to incur other expense to enforce any obligation of Franchisee hereunder, or to defend against any claim, demand, action or proceeding by reason of Franchisee's failure to perform any obligation imposed upon Franchisee by this Agreement, Franchisor shall be entitled to recover from Franchisee the amount of all reasonable attorneys' fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action, or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter.

27. ACKNOWLEDGMENTS

27.1 **Franchisee's Investigation of the Business Possibilities.** FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF OPERATING SNAGGLE FOOT, AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE (OR, IF FRANCHISEE IS

A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. FRANCHISEE FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN, AND FURTHER REPRESENTS TO THE FRANCHISOR, AS AN INDUCEMENT TO ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THE FRANCHISE.

27.2 Receipt of FDD and Complete Agreement. Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising", otherwise known as the Franchise Disclosure Document (**FDD**), at least fourteen (14) calendar days prior to the date on which this Agreement was executed or any payment by Franchisee for the franchise rights granted under this Agreement. Franchisee further acknowledges that prior to receiving Franchisor's FDD, Franchisor advised Franchisee of the formats in which the FDD is made available, and any conditions necessary for reviewing the FDD in a particular format.

27.3 Franchisee Read the Agreement and Consulted. Franchisee acknowledges that it has read and understood Franchisor's FDD and this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

27.4 Franchisee's Responsibility for Operation of Business. Although Franchisor retains the right to establish and periodically modify System standards, which Franchisee has agreed to maintain in the operation of the Franchised Business, Franchisee retains the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of System standards at the Franchised Business.

27.5 No Conflicting Obligations. Each party represents and warrants to the other that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

27.6 Different Franchise Offerings to Others. Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

27.7 **Good Faith**. Franchisor and Franchisee acknowledge that each provision in this Agreement has been negotiated by the parties hereto in good faith and the Agreement shall be deemed to have been drafted by both parties. It is further acknowledged that both parties intend to enforce every provision of this Agreement, including, without limitation, the provisions related to arbitration and choice of venue, regardless of any state law or regulation purporting to void or nullify any such provision.

27.8 **Success Depends on Franchisee**. Franchisee acknowledges that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon Franchisee's ability as an independent businessperson, its active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. Franchisor does not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

27.9 **No Guarantees**. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guaranty, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Franchise Agreement in duplicate on the date first above written.

SIGNATURE PAGE FOLLOWS

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT**

SIGNATURE PAGE

SNAGGLE FOOT LLC

Franchisor

Franchisee

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title:_____

Address for Notices:

Snaggle Foot LLC
Attn: Maike Liekweg Johnson
23850 Pioneer Trail
Loretto MN 55357
Telephone: (877) 609-7387

Address for Notices:

Telephone:_____
Fax:_____
Attn:_____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT A
DATA SHEET**

1. The Territory shall be (subject to the terms of the Agreement, including but not limited to Section 1.2 of the Agreement) as follows, and which Territory is reflected on the map attached to this Exhibit A:

2. The initial Franchise Fee shall be \$_____ (See Section 4.1).

SNAGGLE FOOT LLC

Initial: _____

Date: _____

FRANCHISEE

Initial: _____

Date: _____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT B
LIST OF PRINCIPALS AND DESIGNATED PRINCIPAL**

FRANCHISEE'S PRINCIPALS

The following identifies all of Franchisee's Principals (as defined in Section 5.1 of the Franchise Agreement), including each Principals address and percentage of beneficial interest in Franchisee:

Name of Principal	Address, Telephone, E-mail	Interest (%) with Description
		Total %:

FRANCHISEE'S DESIGNATED PRINCIPAL

The following identifies Franchisee's Designated Principal (as defined in Section 7.3.1 of the Franchise Agreement), including his/her contact information and percentage of beneficial interest in Franchisee:

Name of Designated Principal	Address, Telephone, E-mail	Interest (%) with Description

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT C
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT**

As an inducement to Snaggle Foot LLC (“**Franchisor**”) to enter into the Franchise Agreement between Franchisor and _____ (“**Franchisee**”), dated _____, 20____ (the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor’s successors and assigns that all of Franchisee’s covenants and obligations, including, without limitation, monetary obligations, under the Agreement will be punctually paid and performed. This Guarantee, Indemnification, and Acknowledgment (this “**Guarantee**”) is an unconditional, irrevocable and absolute guaranty of payment and performance and may not be cancelled, terminated, modified, or amended except by written agreement executed by both parties.

Upon demand by Franchisor, the undersigned each hereby jointly and severally agree to immediately make each payment required of Franchisee under the Agreement and waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; or (d) give notice of demand for payment by Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee, and the undersigned each hereby jointly and severally waive notice of same and agree to remain and be bound by any and all such amendments and changes to the Agreement.

The undersigned each hereby jointly and severally agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney’s fees, reasonable costs of financial and other investigation, court costs, and fees and expenses, and interest on such expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The undersigned each hereby jointly and severally acknowledge and expressly agree to be personally bound by all of the covenants contained in the Agreement, including, without limitation, those covenants contained in Sections 9, 10, 14, 16, and 17. Signature by the undersigned on this Guaranty constitutes the undersigned’s signature on the Agreement related to all covenants. The undersigned assert that he or she has read such covenants, been advised by counsel regarding their effect, and hereby affirmatively agree to them in order to secure the rights granted to Franchisee by Franchisor under the Agreement. The undersigned further acknowledge and agree that this Guarantee does not grant the undersigned any right to use the “Snaggle Foot” marks or system licensed to Franchisee under the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations

hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

The undersigned represents and warrants to Franchisor that neither the undersigned (including, without limitation, any and all of its employees, directors, officers, and other representatives), nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

Any and all notices required or permitted under this guarantee provision shall be in writing and shall be personally delivered, in the manner provided under Section 24 of the Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Sections 25 and 26 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of Minnesota. In the event of any conflict of law, the laws of the State of Minnesota shall prevail (without regard to, and without giving effect to, the application of Minnesota conflict of law rules).

IN WITNESS WHEREOF, the undersigned has executed this Guarantee, Indemnification and Acknowledgement as of the date of the Agreement.

GUARANTOR(S)

Print Name:_____

Print Name:_____

Print Name:_____

Print Name:_____

Print Name:_____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT D
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS**

Name of Depositor (Franchisee)

Social Security Number or Federal Tax Identification Number

The undersigned Depositor (“**Depositor**”) hereby authorizes Snaggle Foot LLC (“**Franchisor**”) to initiate electronic transfer debit entries and/or credit correction entries to Depositor’s checking and/or savings account(s) indicated below with the Depository designated below (“**Depository**”) (“**Bank**”) to debit or credit such account(s) pursuant to Franchisor’s instructions. Depositor understands that it is solely responsible for the accuracy of the information submitted on this form and for all future information submitted to Franchisor for the purposes of initiating required electronic transfers pursuant to that certain Franchise Agreement to which this Exhibit D is attached. It is Depositors responsibility to notify Franchisor of any changes or corrections to its bank account information. This authorization is to remain in full force and effect until sixty (60) days after Franchisor has received written notification from Depositor of its termination.

Depository

Branch

City

State

Zip Code

Bank Transit/ABA Routing Number

Account Number

Depositor

By: _____

Name: _____

Title: _____

Date: _____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT E
NON-DISCLOSURE AND NON-COMPETE
FOR FRANCHISEE'S EMPLOYEES**

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") is made this _____ day of _____, 20_____, by and between _____ ("us" "we" "our" or the "**Franchisee**"), and _____, an employee of Franchisee ("you" or the "**Employee**").

Introduction

Snaggle Foot LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for the opening and operation of businesses which provide dog and pet care services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing. Each business will operate as a home-based business and operate under the name "Snaggle Foot" (each is referred to as a "**Snaggle Foot Business**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting Franchisee the right to operate a Snaggle Foot Business (the "**Franchised Business**") under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your employment with Franchisee, you will be trained by us and you will learn of Franchisor's confidential information and know-how concerning the methods of operation of a Snaggle Foot Business and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your employment, as a condition to your employment and the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations:

1. Confidential Information. You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person.

2. Definitions. As used in this Agreement, the following terms are agreed to have the following meanings:

a. The term "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Business and the System that you may learn of or that otherwise becomes known to you during the time of your employment with us (whether or not the Franchisor or we have specifically designated that information as "confidential"). Confidential Information may include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. The term “**Person**” means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor).

c. The term “**Post-Term Period**” means a continuous uninterrupted period of (check as applicable) ☐ one (1) year if you are a manager or perform managerial responsibilities, or ☐ six (6) months if you are a non-managerial employee, from the date of: (a) termination of your employment with us for any reason; and/or (b) a final order of a court of competent jurisdiction enforcing this Agreement.

3. Covenants Not to Compete.

a. You understand and acknowledge that due to your employment with us, you will receive valuable specialized training and access to Confidential Information.

b. You covenant and agree that during the term of your employment, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Divert or attempt to divert any current or potential business account or customer of the Franchised Business (or of any Snaggle Foot Business) to any Person, whether by direct or indirect suggestion, referral, inducement, or otherwise;
- ii. Do or perform, directly or indirectly, any act that might injure or be harmful to the goodwill associated with Franchisor and the System;
- iii. Employ or seek to employ any individual who is then employed by us, or employed by Franchisor or any of Franchisor’s franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment; and/or,
- iv. Directly or indirectly for yourself or on behalf of, or in conjunction with any Person, own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Business.

c. You covenant and agree that during the term Post-Term Period, unless Franchisor gives you its prior written approval, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Own, maintain, operate, engage in, be employed by, or have any interest in any business that is the same as or similar to the Franchised Business, if that business is located (or if it is intended to be located) within a radius of twenty-five (25) miles of the Franchised Business or any Snaggle Foot Business located anywhere at that time; and/or,
- ii. Employ or seek to employ any individual who is then employed by us, Franchisor, or by any of Franchisor’s franchisees, licensees, developers, or to otherwise directly or indirectly induce any such individual to leave his or her employment.

4. Legal and Equitable Remedies. You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. Severability. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. Delay. No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. Third-Party Beneficiary. You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us.

IN WITNESS WHEREOF, Employee has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date first written above.

EMPLOYEE

Signature: _____

Printed Name: _____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT E-1
CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT
FOR FRANCHISEE'S EMPLOYEES AND INDEPENDENT CONTRACTORS**

THIS CONFIDENTIALITY AND NON-SOLICITATION AGREEMENT ("Agreement") is made this _____ day of _____, 20_____, by and between _____ ("us" "we" "our" or the "**Franchisee**"), and _____, an employee or independent contractor working for Franchisee ("**you**").

Introduction

Snaggle Foot LLC (the "**Franchisor**") and its affiliates developed and own a format and system (the "**System**") for the opening and operating businesses that provide dog and pet care services such as pet sitting, vacation visits, dog walking, puppy breaks, boarding, and pet taxiing. Each business will operate as a home-based business and operate under the name "Snaggle Foot" (each is referred to as a "**Snaggle Foot Business**").

Franchisor and Franchisee have executed a Franchise Agreement ("**Franchise Agreement**") granting us the right to operate a Snaggle Foot Business (the "**Franchised Business**") under the terms and conditions of the Franchise Agreement.

In connection with starting or continuing your work for us, you will be trained by us and you will learn of Franchisor's and our confidential information and know-how concerning the methods of operation of a Snaggle Foot Business and the System.

Now, therefore, it is agreed that as a consideration of starting or continuing your work for us, as a condition to the compensation that we have paid to you (and/or will pay you after today), you acknowledge and agree that you will comply with all of the following obligations:

1. Definitions. As used in this Agreement, the following terms will have the following meanings:

a. "**Confidential Information**" means any information, knowledge, or know-how concerning the methods of operation of the Franchised Business and the System that you may learn of or that otherwise becomes known to you during the time you work for us (whether or not the Franchisor or we have specifically designated that information as "confidential"). Confidential Information includes information regarding our customers, including, but not limited to, their contact information, services we provide to them, information regarding their pets, and billing and payment information. Confidential Information may also include, among other things, operational, sales, promotional, marketing, and administrative methods, procedures, and techniques. However, Confidential Information does not include information that you can show came to your attention before it was disclosed to you by us or Franchisor; and Confidential Information also does not include information that, at or after the time when we disclosed it to you, is a part of the public domain through no act on your part or through publication or communication by other Persons who are lawfully entitled to publish or communicate that information.

b. "**Person**" means any person, persons, partnership, entity, association, or corporation (other than the Company or Franchisor).

c. "**Post-Term Period**" means a continuous uninterrupted period of one (1) year from the date you cease working with us for any reason.

2. Confidential Information. You agree that you will not, at any time (whether during or after your time of employment with us), communicate or divulge Confidential Information to any Person, and that you will not use Confidential Information for your own benefit or for the benefit of any other Person.

3. Non-Solicitation Obligations.

a. You understand and acknowledge that in working for us you will have access to Confidential Information.

b. You agree that while you are working for us, and during the Post-Term Period, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any Person:

- i. Divert or attempt to divert any current or potential business account or customer of the Franchised Business to yourself or any other Person, whether by direct or indirect suggestion, referral, inducement, or otherwise; or
- ii. Employ or seek to employ any individual who is then employed by us, or otherwise directly or indirectly induce any such individual to leave his or her employment.

4. Legal and Equitable Remedies. You understand, acknowledge, and agree that if you do not comply with the requirements of this Agreement, you will cause irreparable injury to Franchisor, and that:

a. We will have the right to enforce this Agreement and any of its provisions by going to a court and obtaining an injunction, specific performance, or other equitable relief, without prejudice to any other rights and remedies that we may have for breach of this Agreement;

b. You will not raise wrongful termination or other defenses to the enforcement of this Agreement (although you will have the right to raise those issues in a separate legal action); and

c. You must reimburse Franchisor for any court costs and reasonable attorney's fees that Franchisor incurs as a result of your violation of this Agreement and having to go to court to seek enforcement.

5. Severability. Each of the provisions of this Agreement may be considered severable from the others. If a court should find that we or Franchisor may not enforce a clause in this Agreement as written, but the court would allow us or Franchisor to enforce that clause in a way that is less burdensome to you, then you agree that you will comply with the court's less-restrictive interpretation of that clause.

6. Delay. No delay or failure by us or Franchisor to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that right or any other right set out in this Agreement. No waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

7. Third-Party Beneficiary. You acknowledge and agree that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with us.

IN WITNESS WHEREOF, you agree that you have read and understand the terms of this Agreement, and have voluntarily signed this Agreement on the date first written above.

Signature:_____

Printed Name:_____

Date of Signature:_____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT F
TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY**

FOR VALUE RECEIVED, the undersigned (“Franchisee”) irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Snaggle Foot LLC upon the following terms:

1. This assignment is made under the terms of Snaggle Foot LLC Franchise Agreement dated _____, 20____ authorizing Franchisee to operate a Snaggle Foot Business (the “Franchise Agreement”) between Franchisor and Franchisee, which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, the Franchisee’s limited right of use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor’s request, Franchisee will immediately sign all documents, pay all monies, and take all other actions necessary to transfer the listing and numbers to Franchisor.

3. The telephone numbers and affiliated listings subject to this assignment are:
Main Telephone: _____, Facsimile: _____ and all numbers on the rotary series and all numbers the Franchisee uses in the Business in the future.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listing it incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listing and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact to act in Franchisee’s place for the purpose of assigning any telephone numbers covered by Paragraph 3 above to Franchisor or Franchisor’s designees or transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to exercise these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This power of attorney is effective for ten (10) years from the date of expiration, cancellation, or termination of Franchisee’s rights under the Franchise Agreement for any reason.

Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by the Franchisee’s later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Telephone Number Assignment Agreement and Power of Attorney to be duly signed as evidenced by their signatures appearing below. Signed the _____ day of _____, 20_____.

FRANCHISOR:

SNAGGLE FOOT LLC

By: _____
Print Name: _____
Title: _____

FRANCHISEE:

**CORPORATION, LIMITED LIABILITY
COMPANY, PARTNERSHIP:**

[Franchisee Name]

By: _____
Print Name: _____
Title: _____

**SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT G
PROMISSORY NOTE**

\$ _____, 20____

FOR VALUE RECEIVED, the undersigned promises to pay to the order of Snaggle Foot LLC (“Payee”), at 23850 Pioneer Trail, MN 55357, or at the holder’s option, at such other place as may be designated from time to time by holder, the amount of _____ Dollars (\$_____), together with interest at the rate of eight and 99/100 percent (8.99%) per annum on the unpaid balance computed as provided below.

The entire unpaid balance of this Note, together with all accrued and unpaid interest and fees and other charges, if any, payable hereunder, shall be payable in twelve (12) monthly installments. Each installment shall be in the amount of _____ Dollars (\$_____), with the first installment being due three (3) months from the above date, and continuing regularly and at the same intervals thereafter until all sums of outstanding principal, together with all accrued interest, shall be fully paid. During the three (3) month period subsequent to the above date, no interest shall accrue and no payments shall become due. All such payments shall be applied first to past-due interest outstanding and then to principal. Interest under this Note will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The undersigned represents and warrants to Payee that the loan evidenced by this Note is being made for business, commercial or investment purposes. The undersigned may prepay this Note, in whole or in part, without penalty, at any time.

The undersigned agrees to submit monthly financial information to Payee, such as an income statement, balance sheet, and supporting documents, as Payee may specify from time to time and in the format Payee provides.

The undersigned agrees to pay all attorneys’ fees and other costs and expenses that Payee may incur in connection with the collection or enforcement of this Note or the preservation or disposition of any collateral for the payment of this Note.

Each person liable on this Note in any capacity, whether as maker, endorser, surety, guarantor or otherwise, and any holder (collectively hereafter “**Obligor**”), waives the benefit of the homestead exemption and of all other exemptions available to him and also waives presentment, demand, protest, notice of dishonor and all other notices of every kind and nature to which he would otherwise be entitled under the applicable law. Each Obligor agrees that Payee may take any one or more of the following actions, on one or more occasions, whether before or after the maturity of this Note, without any notice to such Obligor, without any further consent to such actions, and without releasing or discharging such Obligor from liability on the Note: (a) any extension or extensions of the time of payment of any principal, interest or other amount due and payable under this Note; (b) any renewal of this Note, in whole or in part, (c) any full or partial release or discharge from liability under this Note of any other Obligor; (d) any waiver of any default under this Note; or (e) any agreement with the Maker changing the rate of interest or any other term or condition of this Note.

TIME IS OF THE ESSENCE with regard to the payment of any amounts due under this Note and the performance of the covenants, terms, and conditions of this Note.

Any one or more of the following shall constitute an event of default under this Note: (a) any default in the payment of any installment or payment of principal, interest, or other amounts due and payable under this Note; (b) the death, dissolution, merger, consolidation or termination of existence of any Obligor; (c) any default by Obligor in the performance of, or compliance with, any provision in this Note or other agreement, document

or instrument to which any Obligor and Payee are parties; (d) any Obligor is unable to pay debts as they become due, or is or becomes insolvent or makes an assignment for the benefit of creditors; (e) any Obligor files or becomes the subject of any petition or other pleading for relief under the Federal bankruptcy laws or any state insolvency statute; or (f) a receiver is appointed for, or a writ or order of attachment, levy or garnishment is issued against, any Obligor or the property, assets or income of any Obligor.

If an event of default shall occur or if the undersigned shall fail to pay this Note in full at maturity, the entire unpaid balance of this Note and all accrued interest shall become immediately due and payable, at the option of Payee, without notice or demand to any Obligor. The remedies provided in this Note upon default and in other agreement between Payee and any Obligor are cumulative and not exclusive of any other remedies provided under any other agreement or at law or in equity.

Each Obligor hereby waives trial by jury in any action or proceeding to which such Obligor and Payee may be parties, arising out of, in connection with or in any way pertaining to, this Note. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such action or proceeding, including claims against parties who are not parties to this Note. This waiver is knowingly, willingly and voluntarily made by each Obligor, and each Obligor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury and that each Obligor has been represented in the signing of this Note and in the making of this waiver by independent legal counsel, or has had the opportunity to be represented by independent legal counsel selected of its own free will, and that it has had the opportunity to discuss this waiver with its counsel.

The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Obligor and shall inure to the benefit of Payee, its successors and assigns.

This Note shall be construed in all respects and enforced according to the laws of the State of Minnesota.

[Signatures on following page.]

Maker:_____

By:_____

Printed Name:_____

Title:_____

Guarantors:

Signature of Guarantor

Printed Name of Guarantor

Home Address:

Signature of Guarantor

Printed Name of Guarantor

Home Address:

Signature of Guarantor

Printed Name of Guarantor

Home Address:

Signature of Guarantor

Printed Name of Guarantor

Home Address:

SNAGGLE FOOT LLC
FRANCHISE AGREEMENT
EXHIBIT H
FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, Snaggle Foot LLC (the “Franchisor”) and you are preparing to enter into a franchise agreement (the “Franchise Agreement”) for the establishment and operation of a “Snaggle Foot Business.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“Broker”) that have not been authorized, or that were not disclosed in the Franchise Disclosure Document or that may be untrue, inaccurate, or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Snaggle Foot Business from an existing Franchisee, you may have received information from the transferring Franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Snaggle Foot Business from an existing Franchisee?

Yes _____ No _____

2. I had my first contact with a Franchisor representative on _____, 20_____.
The representative’s name was: _____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("Disclosure Document") that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Snaggle Foot Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your Snaggle Foot Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Snaggle Foot Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Snaggle Foot Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer

to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20_____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

The name of the sales person or salespersons that handled this franchise sale was:

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees, or agents (including the Broker or any other broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees, or agents (including the Broker or any other broker) concerning actual, projected, or forecasted franchise sales, profits, or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None". _____

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
- (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
- (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or

(iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents, or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20_____.

INDIVIDUAL

**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name:_____

Print Name of Legal Entity

Signature
Print Name:_____

By:_____
Signature
Print Name:_____
Title:_____

Signature
Print Name:_____

Signature
Print Name:_____

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

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.

EXHIBIT 4

LIST OF FRANCHISEES AS OF DECEMBER 31, 2022

Ms. M. Ferdy Clarke
P.O. Box 1076
Leeds, AL 35094
205-213-2883

Katherine Klausner
736 Madouse Court
Whitmore Lake, MI 48189
734-730-7297

Ms. Judy Szewczyk
166 Mount Pleasant Road
Derby, CT 06418
203-535-2892

Ms Hailey Dube
220 Longfellow Street
Elyria, Ohio 44035
216-694-8276

Sam & Bequita Dempsey
654 Willow Road
Naperville, IL 60540
603-847-7815

Ms. Melanie Hegg
3540 Savannah Hwy
Johns Island, SC 29455
843-212-3450

Ms. Christina Giese
1054 Martingale LN
Round Lake Beach, IL 60073
847-886-4648

Ms. Janeé Gordon
121 Starbridge Lane
Grand Prairie, TX 75052
214-632-8078

Ms. Kathy Ritter
669 Berry Lane
Lexington, KY 40502
859-420-0903

Liz Clouse & John Smith
4518 Summer Fall
San Antonio, TX 78259
210-802-6551

Bobby & Charmain King
26135 Burlwood Ave
Denham Springs, LA 70726
225-772-7437

EXHIBIT 5

FRANCHISEES WHO HAVE LEFT THE SYSTEM

Ms. Joanna Adams (Transferred to Ms. Judy Szewczyk)
17 Laborde Road
Oxford, CT 06478
203-535-2892

EXHIBIT 6
FINANCIAL STATEMENTS

SNAGGLE FOOT, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

SNAGGLE FOOT, LLC

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INDEPENDENT AUDITORS' REPORT

Snaggle Foot, LLC
Loretto, Minnesota

We have audited the accompanying financial statements of Snaggle Foot, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Boyer & Company

Burnsville, MN

March 16, 2023

SNAGGLE FOOT, LLC

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash	\$ 5,490	\$ 11,240
Accounts Receivable	4,611	4,395
Prepaid Expenses	<u>1,684</u>	<u>1,575</u>
Total Current Assets	<u>11,785</u>	<u>17,210</u>
Property and Equipment		
Equipment	929	929
Accumulated Depreciation	<u>(929)</u>	<u>(929)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>
Other Assets		
Goodwill	<u>25,000</u>	<u>25,000</u>
Total Other Assets	<u>25,000</u>	<u>25,000</u>
Total Assets	<u>\$ 36,785</u>	<u>\$ 42,210</u>

LIABILITIES AND MEMBER'S CAPITAL

Current Liabilities		
Accounts Payable	\$ 19,488	\$ 27,664
Total Current Liabilities	<u>19,488</u>	<u>27,664</u>
Member's Capital	<u>17,297</u>	<u>14,546</u>
Total Liabilities and Member's Capital	<u>\$ 36,785</u>	<u>\$ 42,210</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Advertising Income	\$ 15,794	\$ 13,638
Franchise Fee Income	48,640	30,580
Web and Technology Fee Income	<u>2,697</u>	<u>1,639</u>
Total Revenue	<u>67,131</u>	<u>45,857</u>
Cost of Sales	<u>4,428</u>	<u>4,498</u>
Gross Profit	<u>62,703</u>	<u>41,359</u>
Operating Expenses		
Advertising	39,747	56,575
Contract Expense	29,160	73,586
Legal and Professional Fees	32,729	17,859
Meals and Entertainment	250	62
Office Expense	3,421	3,878
Postage	141	311
Supplies	-	139
Technology Expense	79,864	33,420
Travel	582	-
Utilities	<u>58</u>	<u>259</u>
Total Operating Expenses	<u>185,952</u>	<u>186,089</u>
Net Loss	<u>\$ (123,249)</u>	<u>\$ (144,730)</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF CHANGES IN MEMBER'S CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Member's Capital, Beginning of Period	\$ 14,546	\$ 25,276
Member's Contributions	126,000	134,000
Net Loss	<u>(123,249)</u>	<u>(144,730)</u>
Member's Capital, End of Period	<u>\$ 17,297</u>	<u>\$ 14,546</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Net Loss	\$ (123,249)	\$ (144,730)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(216)	(1,656)
Prepaid Expenses	(109)	-
Inventory	-	4,498
Increase (Decrease) in Liabilities:		
Accounts Payable	(8,176)	12,669
Due to Officer	-	(5,749)
Net Cash Used by Operating Activities	<u>(131,750)</u>	<u>(134,968)</u>
Cash Flows from Investing Activities:		
Member Contributions	<u>126,000</u>	<u>134,000</u>
Net Cash Provided by Investing Activities	<u>126,000</u>	<u>134,000</u>
Net Decrease in Cash	(5,750)	(968)
Cash, Beginning of Year	<u>11,240</u>	<u>12,208</u>
Cash, End of Year	<u>\$ 5,490</u>	<u>\$ 11,240</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization – The Company was organized as a Limited Liability Company under the Laws of Minnesota in October 2014. The LLC will continue indefinitely.
- B. Nature of Business – The Company is primarily engaged in the offering and support of franchises that provide pet care services. During 2021, there was one franchise closed. There were approximately 11 franchised outlets in operation at the end of 2022 and approximately 11 in 2021. Franchise revenue is earned as a percentage of individual franchises' revenue. The percentage varies. Additionally, a varied fee related to group advertising and technology is collected.
- C. Property and Equipment – Property and equipment are recorded at cost. Depreciation is computed using accelerated methods over the following estimated lives:

Equipment	5 years
-----------	---------

Depreciation expense was \$0 for each of the years ended December 31, 2022 and 2021, respectively.

Maintenance and repairs of property and equipment are expensed as incurred and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

- D. Advertising – The Company expenses advertising costs as they are incurred. Advertising and promotion expense for the years ended December 31, 2022 and 2021 was \$39,747 and \$56,575, respectively.
- E. Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.
- F. Income Taxes – The Company has elected to be treated as a single member Limited Liability Company for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the member and are reported on the member's individual income tax return. Consequently, these financial statements do not include any provision for federal or state income tax expense.

The member is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress.

- G. Date of Management's Review – Management has evaluated subsequent events through March 16, 2023, the date the financial statements were available to be issued. No transactions were noted that require adjustments to the financial statements. See Note 5 for subsequent events disclosures.
- H. Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2022 and 2021, there were no cash equivalents.
- I. Inventory – Inventory which consists primarily of office supplies for the franchises, is recorded at cost.

SNAGGLE FOOT, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- J. Goodwill – The acquisition of the franchises from Barossa Franchise, LLC in 2014 resulted in recognizing goodwill of \$25,000. The entity does not amortize goodwill but reduces the amount of goodwill if management determines that its implied fair value has been impaired. No impairment in value has been recognized during the years ended December 31, 2022 and 2021.
- K. Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Uncollectibles are expensed as accounts become worthless. Substantial losses are not anticipated from present receivable balances.
- L. Revenue Recognition – Franchise fees are billed on the 10th of the following month, and they are collected on the 20th of the month via ACH payments.

NOTE 2 – RELATED PARTY TRANSACTIONS

A portion of the contractor expense is paid to a related party. Total payments to the related party were \$12,000 and \$16,000 for the years ended December 31, 2022 and 2021, respectively.

SNAGGLE FOOT, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

SNAGGLE FOOT, LLC

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INDEPENDENT AUDITORS' REPORT

Snaggle Foot, LLC
Loretto, Minnesota

We have audited the accompanying financial statements of Snaggle Foot, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in member's capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Snaggle Foot, LLC as of December 31, 2021 and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Boyer + Company

Burnsville, MN

February 18, 2022

SNAGGLE FOOT, LLC

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 11,240	\$ 12,208
Accounts Receivable	4,395	2,739
Inventory	-	4,498
Prepaid Expenses	<u>1,575</u>	<u>1,575</u>
Total Current Assets	<u>17,210</u>	<u>21,020</u>
Property and Equipment		
Equipment	929	929
Accumulated Depreciation	<u>(929)</u>	<u>(929)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>
Other Assets		
Goodwill	<u>25,000</u>	<u>25,000</u>
Total Other Assets	<u>25,000</u>	<u>25,000</u>
Total Assets	<u>\$ 42,210</u>	<u>\$ 46,020</u>

LIABILITIES AND MEMBER'S CAPITAL

Current Liabilities		
Accounts Payable	\$ 27,664	\$ 14,995
Due to Officer	<u>-</u>	<u>5,749</u>
Total Current Liabilities	<u>27,664</u>	<u>20,744</u>
Member's Capital	<u>14,546</u>	<u>25,276</u>
Total Liabilities and Member's Capital	<u>\$ 42,210</u>	<u>\$ 46,020</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Advertising Income	\$ 13,638	\$ 11,129
Franchise Fee Income	30,580	16,762
Web and Technology Fee Income	<u>1,639</u>	<u>1,332</u>
Total Revenue	<u>45,857</u>	<u>29,223</u>
Cost of Sales	<u>4,498</u>	<u>-</u>
Gross Profit	<u>41,359</u>	<u>29,223</u>
Operating Expenses		
Advertising	56,575	26,784
Contract Expense	73,586	49,899
Legal and Professional Fees	17,859	1,488
Meals and Entertainment	62	-
Office Expense	3,878	3,578
Postage	311	628
Repairs	-	829
Supplies	139	730
Technology Expense	33,420	38,519
Utilities	<u>259</u>	<u>823</u>
Total Operating Expenses	<u>186,089</u>	<u>123,278</u>
Net Loss	<u>\$ (144,730)</u>	<u>\$ (94,055)</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF CHANGES IN MEMBER'S CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Member's Capital, Beginning of Period	\$ 25,276	\$ 31,884
Member's Contributions	134,000	87,447
Net Loss	<u>(144,730)</u>	<u>(94,055)</u>
Member's Capital, End of Period	<u>\$ 14,546</u>	<u>\$ 25,276</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Net Loss	\$ (144,730)	\$ (94,055)
Adjustments to Reconcile Net Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(1,656)	3,663
Prepaid Expenses	-	450
Inventory	4,498	(1,226)
Increase (Decrease) in Liabilities:		
Accounts Payable	12,669	(1,914)
Due to Officer	(5,749)	-
Net Cash Used by Operating Activities	<u>(134,968)</u>	<u>(93,082)</u>
Cash Flows from Investing Activities:		
Member Contributions	<u>134,000</u>	<u>87,447</u>
Net Cash Provided by Investing Activities	<u>134,000</u>	<u>87,447</u>
Net Decrease in Cash	(968)	(5,635)
Cash, Beginning of Year	<u>12,208</u>	<u>17,843</u>
Cash, End of Year	<u>\$ 11,240</u>	<u>\$ 12,208</u>

See notes to financial statements.

SNAGGLE FOOT, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization – The Company was organized as a Limited Liability Company under the Laws of Minnesota in October 2014. The LLC will continue indefinitely.
- B. Nature of Business – The Company is primarily engaged in the offering and support of franchises that provide pet care services. During 2021, there was one franchise closed. During 2020, there was four franchises closed. There were approximately 11 franchised outlets in operation at the end of 2021 and approximately 12 in 2020. Franchise revenue is earned as a percentage of individual franchises' revenue. The percentage varies. Additionally, a varied fee related to group advertising and technology is collected.
- C. Property and Equipment – Property and equipment are recorded at cost. Depreciation is computed using accelerated methods over the following estimated lives:

Equipment	5 years
-----------	---------

Depreciation expense was \$0 for each of the years ended December 31, 2021 and 2020, respectively.

Maintenance and repairs of property and equipment are expensed as incurred and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

- D. Advertising – The Company expenses advertising costs as they are incurred. Advertising and promotion expense for the years ended December 31, 2021 and 2020 was \$56,575 and \$26,784, respectively.
- E. Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.
- F. Income Taxes – The Company has elected to be treated as a single member Limited Liability Company for federal and state income tax purposes. The Company's taxable income or losses, as well as certain other tax attributes, are passed through directly to the member and are reported on the member's individual income tax return. Consequently, these financial statements do not include any provision for federal or state income tax expense.
- The member is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress.
- G. Date of Management's Review – Management has evaluated subsequent events through February 18, 2022, the date the financial statements were available to be issued. No transactions were noted that require adjustments to the financial statements. See Note 5 for subsequent events disclosures.
- H. Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2021 and 2020, there were no cash equivalents.
- I. Inventory – Inventory which consists primarily of office supplies for the franchises, is recorded at cost.

SNAGGLE FOOT, LLC

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- J. Goodwill – The acquisition of the franchises from Barossa Franchise, LLC in 2014 resulted in recognizing goodwill of \$25,000. The entity does not amortize goodwill but reduces the amount of goodwill if management determines that its implied fair value has been impaired. No impairment in value has been recognized during the years ended December 31, 2021 and 2020.
- K. Accounts Receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Uncollectibles are expensed as accounts become worthless. Substantial losses are not anticipated from present receivable balances.
- L. Revenue Recognition – Franchise fees are billed on the 10th of the following month, and they are collected on the 20th of the month via ACH payments.

NOTE 2 – RELATED PARTY TRANSACTIONS

A portion of the contractor expense is paid to a related party. Total payments to the related party were \$16,000 and \$6,000 for the years ended December 31, 2021 and 2020, respectively.

Additionally, the entity owed \$5,749 to the officer as of December 31, 2020.

EXHIBIT 7

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EXHIBIT 8

SAMPLE GENERAL RELEASE

GENERAL RELEASE

(Form only; subject to change)

For and in consideration of the Agreements and covenants described below, Snaggle Foot LLC (“Snaggle Foot”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Snaggle Foot and Franchisee entered into a Snaggle Foot Franchise Agreement dated _____, 20____.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions noted below, Snaggle Foot and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims by Franchisee.** Except as may be prohibited by applicable law, and in consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, Franchisee, for itself, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”) release and forever discharge Snaggle Foot, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”) of and from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement or the business relationship between the parties (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties’ failure to comply with those obligations.

5. **Release of Claims by Franchisor.** Except as noted in this Section 5, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$_____ to Snaggle Foot, Franchisor Parties hereby release and forever discharge Franchisee Parties from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties’ failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee’s (i) indemnification obligations under Section ____ of the Franchise Agreement, (ii) non-disclosure obligations under Section ____ of the Franchise

Agreement, and (iii) post-termination non-compete obligations under Section __ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

6. **Acknowledgement.** The releases of Claims outlined in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the “Parties) to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties’ respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases contained in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties.** Snaggle Foot and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

11. **Attorneys’ Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party’s attorneys’ fees and costs incurred by reason of the breach.

Dated: _____, 20____

SNAGGLE FOOT LLC

By _____
Its _____

Dated: _____, 20____

FRANCHISEE:

By _____
Its _____

EXHIBIT 9

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
Illinois	_____, 2023
Indiana	_____, 2023
Maryland	_____, 2023
Minnesota	_____, 2023
Virginia	_____, 2023
Washington	_____, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

Except as noted below, if Snaggle Foot LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Snaggle Foot LLC offers you a franchise in Iowa or New York, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Snaggle Foot LLC offers you a franchise in Michigan, we must 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.

If Snaggle Foot LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit 1.

The name, principal business address, and telephone number of the franchise seller offering this Snaggle Foot franchise is Micheal Johnson, Snaggle Foot LLC, 23850 Pioneer Trail, Loretto, MN 55357 (877) 609-7387.

Issuance Date: March 16, 2023

See Exhibit 1 for our registered agents authorized to receive service of process.

I received a Disclosure Document dated March 16, 2023, that included the following Exhibits:

- | | |
|-------------------------------------------------------|-------------------------------------------------------|
| 1. State Administrators/Agents for Service of Process | 5. List of Franchisees Who Have Left the System |
| 2. State Specific Addenda | 6. Financial Statements |
| 3. Franchise Agreement | 7. Table of Contents of Confidential Operating Manual |
| 4. List of Franchisees | Receipts |

Date Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name

Please return one signed copy of this Receipt to the attention of Micheal Johnson at Snaggle Foot LLC, 23850 Pioneer Trail, Loretto, MN 55357.

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.

Except as noted below, if Snaggle Foot LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Snaggle Foot LLC offers you a franchise in Iowa or New York, we must give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Snaggle Foot LLC offers you a franchise in Michigan, we must 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.

If Snaggle Foot LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Agency listed in Exhibit 1.

The name, principal business address, and telephone number of the franchise seller offering this Snaggle Foot franchise is Micheal Johnson, Snaggle Foot LLC, 23850 Pioneer Trail, Loretto, MN 55357 (877) 609-7387.

Issuance Date: March 16, 2023

See Exhibit 1 for our registered agents authorized to receive service of process.

I received a Disclosure Document dated March 16, 2023, that included the following Exhibits:

- | | |
|-------------------------------------------------------|-------------------------------------------------------|
| 1. State Administrators/Agents for Service of Process | 5. List of Franchisees Who Have Left the System |
| 2. State Specific Addenda | 6. Financial Statements |
| 3. Franchise Agreement | 7. Table of Contents of Confidential Operating Manual |
| 4. List of Franchisees | Receipts |

Date Disclosure Document Received: _____

Date Receipt Signed: _____

By: _____

Print Name

Please return one signed copy of this Receipt to the attention of Micheal Johnson at Snaggle Foot LLC, 23850 Pioneer Trail, Loretto, MN 55357.