Mainstream Boutique®

MAINSTREAM BOUTIQUE®
FRANCHISE DISCLOSURE DOCUMENT

MAINSTREAM FASHIONS FRANCHISING, INC.
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Minneapolis, Minnesota 55425
(612) 249-8448
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www.mainstreamboutiquefranchise.com
Clay@mainstreamboutique.com

Mainstream Boutique® Businesses offer the retail sale of fashionable women's clothing and accessories and giftware.

The total investment necessary to begin operation of a Mainstream Boutique Business franchise is from $198,200 to $361,350. This includes $20,000 to $40,000 that must be paid to the franchisor or affiliate.

We also offer multi-unit franchises under a Development Agreement where you can purchase the right to develop between two and five Mainstream Boutique Businesses. If you sign a Development Agreement, you also must pay us a development fee equal to $40,000 for your first Mainstream Boutique Business and $20,000 for each additional Mainstream Boutique Business you commit to develop.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Clay DeNicola at Mainstream Fashions Franchising, Inc., 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425, (612) 249-8448.

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

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

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

Issuance Date: May 15, 2026

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
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 A 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 Mainstream Boutique® 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 Mainstream Boutique® franchisee?	Item 20 or Exhibit F 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 D.

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. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

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EXHIBITS

Exhibit A:	Financial Statements
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NOTICE TO PROSPECTIVE MICHIGAN FRANCHISEES

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

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

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

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

(d) A provision that permits franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Office of the Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
525 West Ottawa Street
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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

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

Franchisor

To simplify the language in this disclosure document, "Mainstream" or "we" means Mainstream Fashions Franchising, Inc., the franchisor. "You" means the person or entity who buys the franchise from Mainstream, including the entity's owners.

Mainstream was incorporated under the laws of the State of Minnesota on October 8, 1997, and does business under the name "Mainstream Boutique®." Mainstream's principal business office is located at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425; telephone number (612) 249-8448. Mainstream's agents for service of process are disclosed on **Exhibit D** to this disclosure document.

Mainstream began franchising Mainstream Boutique® businesses in February 1998. As of December 31, 2026, there were 56 franchised Mainstream Boutique® businesses and 3 Mainstream Boutique Businesses operated by our affiliates, as further noted below and in Item 20. Mainstream has not offered franchises in any other lines of business. Mainstream does not operate any Mainstream Boutique® businesses.

Franchisor's Affiliate

Mainstream is a wholly-owned subsidiary of Mainstream Fashions, Inc. ("MFI"). MFI was incorporated in the State of Minnesota on April 23, 1993. MFI owned and operated a Mainstream Boutique® business from 1993 through January 2015. In January 2015, the Mainstream Boutique® business assets were transferred to DeNicola Style Group, LLC ("DSG"), another wholly-owned subsidiary of MFI. Marie DeNicola, currently the Chief Executive Officer of MFI and DSG, operated a Mainstream Boutique® business as a sole proprietor from February 1991 to April 1993. Mainstream's affiliates currently own and operate 3 Mainstream Boutique Businesses.

Mac and Me, LLC ("Mac and Me") is another wholly-owned subsidiary of MFI. Mac and Me operates Mainstream's business related to its clothing line, Mac & Me®. Mac and Me also shares Mainstream's principal business office.

We have formed the MSB Cooperative to provide Mainstream Boutique® franchisees with a vehicle for obtaining favorable product prices, securing exclusive products, and earning rebates. You must join the MSB Cooperative. MSB Cooperative has entered into a management agreement with our subsidiary, MB Management Company, to provide management services to MSB Cooperative, including financial services, facilities, technology and marketing services.

MFI and our affiliates described above share Mainstream's principal business office located at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425. Except as described above, neither MFI or our affiliates have ever offered to sell franchises.

Mainstream has no other predecessors, affiliates, or parents.

Franchised Business

As a Mainstream Boutique franchise owner, you will own and operate a retail store offering fashionable women's clothing, jewelry, giftware and accessories to the general public both through the operation of a retail business ("Retail Location") and through direct sales to customers at shows conducted at the customer's home, place of business, another location, or online ("Show"). Mainstream franchises

the right to own and operate a Mainstream Boutique® business ("Mainstream Boutique Business" or "Business") under the terms of the Franchise Agreement in the form included in this disclosure document as **Exhibit B** (the "Franchise Agreement"). Mainstream has developed a marketing system which creates a certain product image in the minds of customers, a business strategy for attracting and retaining customers, a look and feel for the Business and a distribution method for the products and services (the "Business System").

We also offer the opportunity to qualified individuals to enter into a multi-unit development agreement ("Development Agreement"). A copy of the Development Agreement is attached as Exhibit G. If you are a multi-unit franchisee, you will receive the exclusive right to open a certain number of Mainstream Boutique Businesses over a defined period of time in a defined area, as we determine, on the basis of the market potential and the size of the designated area. You must sign Mainstream's then-current Franchise Agreement for each Mainstream Boutique Businesses you develop under the Development Agreement, which may differ from the Franchise Agreement attached to this disclosure document.

The market for the sale of clothing is highly competitive. You will compete with national and local retail stores offering women's clothing and accessories, and other independent or franchised boutiques. Your customers will be primarily women and sales may be somewhat seasonal, focusing on the two principle buying seasons of spring/summer and fall/winter, beginning in March and September of each year. You will also compete with other businesses offering the direct on-site sales of clothing. There are no regulations specific to the operation of a retail clothing business, although you must comply with all laws, rules and regulations governing the operation of your Mainstream Boutique Business and obtain any necessary permits and licenses.

Mainstream operates a Franchisee Referral Program under which franchisees in good standing may earn referral fees by introducing qualified candidates to Mainstream Boutique Franchising, Inc. Eligible referrals may be submitted via direct introduction to the Director, Franchise Development, or through authorized channels Mainstream prescribes from time to time, including franchisee-specific QR codes, branded referral URLs, and pre-approved social and email templates provided by Mainstream. Subject to Mainstream's qualification process and the eligibility requirements of the Franchisee Referral Program, Mainstream pays a referral fee to the referring franchisee in the amount Mainstream establishes, and may reduce the candidate's Initial Fee by an amount Mainstream determines, in each case subject to modification at Mainstream's discretion. Mainstream reserves the right to expand eligibility to additional categories of referring parties (including but not limited to managers, stylists, and customers) and to modify or cancel the Franchisee Referral Program at any time. Specific eligibility requirements, payment timing, and program rules are set forth in the Franchisee Referral Program documentation provided to franchisees, which Mainstream may update from time to time.

2. BUSINESS EXPERIENCE

Marie A. DeNicola: Founder, Treasurer, Secretary and Director

Ms. DeNicola has been Founder, Treasurer, Secretary and a Director of Mainstream since its inception in October 1997. She has also been President, Chief Executive Officer, Treasurer and a Director of MFI since its inception in April 1993. Ms. DeNicola has served as President, Vice President, Secretary and Treasurer of Mac and Me since October 2014 and of DSG since January 2015. Ms. DeNicola has operated a Mainstream Boutique Business since February 1991.

Corey M. DeNicola: Chief Executive Officer

Mr. DeNicola has served as Mainstream's Chief Executive Officer since November 2016. From October 2014 until November 2016, he served as our Chief Operating Officer. He had been Director of

Franchising from May 2011 through September 2014. Mr. DeNicola has also served as President of MBO, LLC since June 2015 and SFW, LLC since December 2017.

Nick A. DeNicola: Vice President and Director

Mr. DeNicola has been Vice President and a Director of Mainstream since its inception in October 1997. He has also been Vice President and a Director of MFI since its inception in April 1993. From September 2012 through April 2018, Mr. DeNicola was a Partner and Vice President, Human Resources for Gopher Resource located in Eagan, Minnesota.

Lisa DeBack: Director, Franchise Operations

Ms. DeBack has been our Director, Franchise Operations since March 2018. From January 2014 to March 2018, she served as our Onboarding Specialist.

Clay DeNicola: Director, Franchise Development

Mr. DeNicola has been the Director of Franchise Development since February 2016. From September 2014 through January 2016, he was in Operations and Business Development.

Katie Skrove: Franchise Development Team

Ms. Skrove has served on Mainstream's Franchise Development team since April 2026. From May 2018 to April 2026, Ms. Skrove was the Director of Corporate Stores. From August 2015 to May 2018, Ms. Skrove was the Director of Franchise Support. From July 2013 to August 2015, Ms. Skrove was a Store Manager at a Pier 1 Imports located in Fort Worth, Texas. Ms. Skrove also operated a Mainstream Boutique Business from August 2005 through March 2012.

Mark Werling: Chief Financial Officer

Mr. Mark Werling has served as Chief Financial Officer since October 2017. Mr. Werling also serves as the CFO and COO at MarathonCFO in San Francisco, California, and has held this role since March 2017.

Mikayla Ketterling: Director, Product + Brand

Ms. Ketterling has served as the Director of Product + Brand since February 2026. From June 2023 to February 2026, Ms. Ketterling was the Director of Mac and Me. Prior to that, Ms. Ketterling, Ms. Ketterling served as the Manager of our flagship store located in Apple Valley, Minnesota from June 2019 to June 2023, as well as served as an Assistant Buyer on our Buying Team from June 2015 to May 2019.

3. LITIGATION

Bradley and Anitra Mitchell, Charlotte Paris, and All These Things, LLC v. Mainstream Fashions Franchising, Inc. and Corey DeNicola (American Arbitration Association, AAA Case No. 01-19-0004-0554, Originally Filed November 15, 2019) and Mainstream Fashions Franchising, Inc. v. All These Things, LLC; Grace and Love, LLC; CCP, LLC; Charlotte Cooper Parris; Anitra Mitchell; and Bradley Mitchell (United States District, District of Minnesota, Case No. 19-CV-02953 SRN/TNL, Originally Filed November 21, 2019). On November 15, 2019, former franchisees Bradley Mitchell, Anitra Mitchell, Charlotte Paris, and All These Things, LLC (collectively the "Mitchells") filed a demand for arbitration against Mainstream Fashions Franchising, Inc. ("Mainstream") and Corey DeNicola, claiming Mainstream breached the Franchise Agreements and the covenant of good faith and fair dealing, and violated the Minnesota Franchise Act. Mainstream and Mr. DeNicola filed their answer to the Mitchells second amended demand for arbitration on December 4, 2019, denying all claims and contending that the Mitchells' claims are not subject to arbitration under the express provisions of the Franchise Agreements. In the meantime, on November 21, 2019, Mainstream filed a lawsuit against the Mitchells and their affiliated entities (collectively the "Mitchell Parties") in the United States District Court for the District of Minnesota seeking, in part, a preliminary and permanent injunction against the Mitchell Parties prohibiting them from operating their competing businesses, and infringing Mainstream's proprietary marks and products, in violation of the Franchise Agreements. In response to Mainstream's complaint, the Mitchell Parties brought a motion seeking to dismiss Mainstream's claims. On April 9, 2020, the Court issued an order denying the Mitchell Parties' motion to dismiss, which included a finding that Mainstream's claims should be heard in Court and not in arbitration, and granting in part and denying in part Mainstream's motion for a preliminary injunction. In November 2020, the parties settled the matter under which the Mitchells must pay Mainstream a material amount, the Mitchells can continue to operate their businesses, the parties dismiss the cases, and the parties sign a release of claims.Other than listed above, no other litigation is required to be disclosed in this Item.

4. BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

5. INITIAL FEES

You will pay Mainstream an Initial Fee of $40,000 for your first Mainstream Boutique Business. The Initial Fee is due when you sign the Franchise Agreement. If you qualify to open additional Mainstream Boutique Businesses, you will pay Mainstream a reduced Initial Fee of $20,000 for each additional Mainstream Boutique Business due at the time you sign the Franchise Agreement for each Business. The Initial Fee is fully earned and non-refundable upon payment.

If you sign a Development Agreement, the "Development Fee" is the total of $40,000 for first Mainstream Boutique Business and $20,000 (with $10,000 of that $20,000 due at the time of signing the Development Agreement) for each additional Mainstream Boutique Business you agree to establish under the "Development Schedule" described in the Development Agreement. The Development Fee that you pay for each Mainstream Boutique Business under the Development Agreement will be credited against the applicable Initial Fee for that Mainstream Boutique Business. The balance of the Initial Fee due for each Mainstream Boutique Business will be due at the time the Franchise Agreement is signed. The Development Fee is not refundable.

We are currently offering three incentive programs: (1) Scale with Style, (2) Revive & Thrive, and (3) Lead and Launch.

Under the Scale with Style program, if you are a new franchisee that is signing a development agreement for two or more Mainstream Boutique Business or if you are an existing franchisee that is committing to develop additional Mainstream Boutique Businesses, in addition to the discounted Initial Fees described above, we will offer you a reduced royalty rate for all of your Mainstream Boutique Businesses, expanded Designated Territories, and a right of first refusal on any new Mainstream Boutique Business within 20 miles of any of your Mainstream Boutique Businesses for a period of time.

Under the Revive & Thrive program, if you an existing franchisee who has demonstrated strong leadership and commitment to System, and you agree to take over an existing or closed Mainstream Boutique Business that meets certain metrics, we will waive any transfer or Initial Fees owed to acquire the Mainstream Boutique Business, waive or reduce Continuing Fees for a certain time period and offer you reduced Continuing Fees on all your Mainstream Boutique businesses after that time period. We also will offer you additional support, an expanded Designated Territory and a right of first refusal on any new Mainstream Boutique Business within 20 miles of any of your Mainstream Boutique Businesses for a period of time.

Under the Lead and Launch program, if you are a current Store Manager (or were employed as a Store Manager within the prior 12 months) of a Mainstream Boutique® Business, with at least 12 consecutive months of service in that role, the Store owner refers you to the Lead and Launch program, and you otherwise meet our qualifications, you will pay us a reduced Initial Fee for your first Mainstream Boutique® Business of $20,000 (a $20,000 reduction from the standard Initial Fee of $40,000).

6. OTHER FEES

FRANCHISE AGREEMENT

Type of Fee[(1)]	Amount	Date Due	Remarks
Continuing Fees[(2)]	7.5% of Net Revenues	Thursday of each week for the preceding week.	You must meet certain minimum Continuing Fees for each 6-month reporting period during the term of the Franchise Agreement. See Note 3
Advertising Fund Contribution	.5% of Net Revenues	Currently, by the 10th of each month for the preceding month.	See Note 4
Local Advertising	Currently, 3% of Net Revenues per year	We have the right to collect any amount not spent on local advertising, as we determine upon reviewing your annual local advertising report.	See Note 5
MSB Cooperative	$1,000	Paid over 4 years offsetting rebates due to you by $250 per year	See Item 8

Type of Fee[1]	Amount	Date Due	Remarks
Reimbursement of Audit Costs	Dependent upon the costs incurred by Mainstream in conducting an audit	Within 10 days of receipt of an invoice indicating the amount owed.	You must reimburse Mainstream for audit costs if an audit shows that you understated your Net Revenues by more than 2% or underpaid Continuing Fees by more than $500 in any 12-month period.
Transfer Fee	$20,000	Prior to transfer.	If you are transferring to an immediate family member or store manager, we may waive or reduce the Transfer Fee.
Renewal Fee	$5,000	Prior to renewal.	
Annual Convention Expenses	$500-$2,000	As Incurred	We currently charge a $179 per person registration fee for the convention, and you are responsible for covering all expenses including airfare, hotel, meals, and compensation for you or your staff attending the convention.
Technology Fees	Currently, we do not collect technology fees, but may charge an amount not to exceed $500 per month	Monthly basis	When collected, fee is payable to Mainstream.
Additional Training	Currently, we do not charge for additional training programs, but may charge an amount not to exceed $300 per course per person.	Prior to training.	When collected, fee is payable to Mainstream. See Item 11 for further information.
Additional Supplier Approval	Cost to us to evaluate, review or test samples of unapproved products. proposed supplier	Upon invoice demand.	If you desire to purchase goods or services from other unapproved suppliers, you must pay the cost to us to evaluate and test the proposed samples and supplier.
Service Charge	$50 if you fail to pay any Continuing Fees or to submit a report of Net Revenues or other reports of financial statements to Mainstream within 10 days after due date.	On demand.	
Interest Charges for Unpaid Amounts	18% per annum simple interest or the maximum legal rate allowable in the state in which your Business is located, whichever is less.	On demand.	Applies to past due payments of Continuing Fees, Advertising Fees or other payments due to Mainstream.

Type of Fee[(1)]	Amount	Date Due	Remarks
Extension Fee	$2,500 for up to 6 months	Upon request for extension.	If we grant you a one-time extension to open of up to 6 months, you must pay us an extension fee
Annual Modernization Costs	$500-$1,500	As incurred.	We reserve the right to require you to make minor updates, such as painting, or cosmetic changes, on an annual basis.

Notes:

(1) Each fee is either imposed by or payable to Mainstream. Except where otherwise noted, all fees are nonrefundable and are uniformly imposed. Net Revenues include all revenues of your Mainstream Boutique Business, except discounts (up to preapproved amounts established by Mainstream) to hosts, customers and employees, product returns, credits, refunds or sales taxes.

(2) Mainstream has the right to require you to pay these fees by direct bank transfer to Mainstream's bank account. Currently, Mainstream requires that you use www.bill.com for all payments made to Mainstream.

(3) You must meet certain minimum Continuing Fees for each 6-month reporting period during the term of the Franchise Agreement. The 6-month reporting periods run from March 1st to August 31st and from September 1st to February 28th (each a "Reporting Period").

You do not need to meet any minimum Continuing Fees for one year after you sign a Franchise Agreement ("Initial Period"). You must begin meeting minimum Continuing Fees for the Reporting Period that begins on March 1st or September 1st, whichever occurs first, following the Initial Period. For the next two Reporting Periods following the Initial Period, you must meet at least $6,000 in Continuing Fees paid to Mainstream. For all other Reporting Periods during the term of the Franchise Agreement, you must meet at least $8,000 in Continuing Fees paid to us.

If you do not meet the minimum Continuing Fee above for any given 6-month period, you will pay Mainstream the difference between the minimum Continuing Fee amount and the Continuing Fees actually paid to Mainstream.

Under the Scale with Style program, if you are in compliance with all your Franchise Agreements and after opening your new Mainstream Boutique Business(es), you will pay us reduced Continuing Fees as follows: 6.5% of Net Revenues for all Mainstream Boutique Businesses you operate if you operate 2 Mainstream Boutique Businesses; 5.5% of Net Revenues for all Mainstream Boutique Businesses you operate if you operate 3 Mainstream Boutique Businesses; and 5.0% of Net Revenues for all Mainstream Boutique Businesses you operate if you operate 4 or more Mainstream Boutique Businesses.

Under the Revive & Thrive program, we will waive the Continuing Fees for the acquired Mainstream Boutique Business for the 12 months after you take over operations and you will pay us reduced Continuing Fees of 3.5% of Net Revenues for the following 6-month period. Following the later of (a) 18 months after you begin operations under the Revive & Thrive program and (b) the date we determine you meet the Minimum Performance Threshold, and if you are in compliance with all Franchise Agreements, you will pay us reduced Continuing Fees as follows: 6.5% of Net Revenues for all Mainstream Boutique Businesses

you operate if you operate 2 Mainstream Boutique Businesses; 5.5% of Net Revenues for all Mainstream Boutique Businesses you operate if you operate 3 Mainstream Boutique Businesses; and 5.0% of Net Revenues for all Mainstream Boutique Businesses you operate if you operate 4 or more Mainstream Boutique Businesses. The Minimum Performance Threshold is satisfied when (a) Net Revenues of the acquired Mainstream Boutique Business during the trailing 12 months exceed pre-acquisition 12-month Net Revenues by 30% or more, or (b) Net Revenues of the acquired Mainstream Boutique Business during the trailing 12 months equal or exceed $275,000. The Performance Threshold is initially measured at month 18 of operations under the Revive & Thrive Addendum and, if necessary, re-measured every six months thereafter using the trailing twelve-month period.

(4) You must contribute .5% of Net Revenues to our marketing and advertising fund ("Advertising Fund"). You also must spend a minimum of $3,000 on a grand opening. See Item 11 for more information. In the future, Mainstream may determine that it is necessary to spend more marketing on a system-wide basis and may increase your required contribution to the Advertising Fund by no more than .5% per year after you have been in operation for 12 months, not to exceed a total of 2% of Net Revenue.

(5) You must spend at least 3% of Net Revenues on local advertising and marketing. Mainstream will collect an annual report from you detailing your local expenditures and to the extent you have spent less than 3% of your Net Revenues on local advertising and marketing, Mainstream may collect this amount and may deposit this shortfall amount in the Advertising Fund.

MULTI-UNIT DEVELOPMENT AGREEMENT

Type of Fee[(1)]	Amount	Date Due	Remarks
Development Schedule Extension Fee	$1,500 per Mainstream Boutique Business for an extension of up to 6 months	Payable when you request an extension to the Development Schedule under the Development Agreement.	Limited to a single extension per Mainstream Boutique Business (if we grant any extension)
Development Agreement Transfer Fee	$20,000	Prior to transfer.	

7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[(1)]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Fee[(2)]	$20,000 - $40,000	Per Agreement	At Signing of Franchise Agreement	Mainstream
Initial Inventory[(3)]	$30,000 - $45,000	Vendor terms	As Arranged	Suppliers
Leasehold Improvements and Store Design[(4)]	$55,000 - $100,000	As Incurred	As Arranged	Landlord, Suppliers and Contractors

Type of Expenditure[(1)]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Construction Documents	$3,800 - $9,000	As Incurred	As Arranged	Suppliers
Construction Coordinator Services	$1,000 - $5,250	As Incurred	As Arranged	Suppliers
Signage	$10,000 - $25,000	As Incurred	As Arranged	Suppliers
Real Estate Deposits[(4)]	$3,000 - $6,000	Lump Sum	Prior to Signing Lease	Landlord, Utility Providers
Travel and Living Expenses During Training	$1,000 - $2,500	As Required by Servicer	As Incurred	Airlines, Hotels & Restaurants
POS System, Computer Hardware and Software[(5)]	$5,000 - $8,600	As Incurred	Prior to Start	Suppliers
Furniture, Fixtures, Equipment, and Retail Supplies	$25,000 - $38,000	Lump Sum	Prior to Start	Suppliers
Professional Services & Legal Review	$1,400 - $6,000	As Incurred	As Arranged	Supplier
Grand Opening Advertising	$3,000 - $6,000	As Incurred	As Arranged	Suppliers
Additional Funds – Working Capital[(6)]	$40,000- $70,000	As Incurred	As Incurred	Employees, Suppliers & Utilities
TOTAL	**$198,200 - $361,350**			

Notes:

(1) This chart provides an estimate of your minimum initial investment for a Mainstream Boutique Business.

(2) The Initial Fee for your first Mainstream Boutique Business will be $40,000; you will pay an Initial Fee of $20,000 for any subsequent Business at the time you sign an additional Franchise Agreement.

(3) During the training program, Mainstream will make available to you samples or photographs of the clothing and accessories currently available to Mainstream Boutique franchisees. Mainstream will assist in placing the order for your initial opening inventory, and you will pay each vendor directly once you receive an invoice for the products. The amount of the initial inventory necessary to commence operations of your Business ranges from $30,000 to $45,000, depending upon store size, the time of year you commence operations and what inventory, if any, you already have in stock.

(4) Your costs for leasehold improvements will vary depending upon the size and design of your Retail Location, its geographic location, costs assumed by your landlord, and other economic factors. You must hire the architect that we approve to assist you in designing and executing any leasehold improvements. We have certain designated vendors you are required to use in developing your Business which are disclosed in Item 8. We anticipate that most Retail Locations will have approximately 1,600 square feet

and be located in strip malls or similar non-free-standing locations. In addition to leasehold improvements, your monthly rent likely will range from $3,000 to $6,000 depending on the site of the Retail Location.

(5) See Item 11 of this disclosure document for more complete information relating to the computer hardware and software necessary to operate your Mainstream Boutique Business.

(6) These amounts are an estimate of the expenditures you will make during the first three to six months of the operation of your Mainstream Boutique Business for items such as salaries, supplies, utilities, Continuing Fees, Advertising Fees, insurance, and other miscellaneous operating costs. These estimates are based on MFI's and Marie DeNicola's over 30 years of experience in operating a Mainstream Boutique Business as well as analyzing revenue and expense data from dozens of new franchise openings. Your costs will vary depending on the economic and market conditions, competition, wage rates, sales levels attained, and other economic factors.

All amounts set forth above payable to Mainstream are nonrefundable. Those amounts set forth above payable to third parties are generally nonrefundable, but may be refundable under conditions established by the third parties. Mainstream does not provide financing for any amounts payable to Mainstream.

YOUR ESTIMATED INITIAL INVESTMENT – MULTIPLE UNIT FRANCHISE

We cannot estimate your initial investment under a Development Agreement, other than the Development Fee, which is described in Item 5. The amount of this fee will depend on the number of Mainstream Boutique Businesses you agree to establish under the Development Schedule. We do not offer separate financing for multi-unit franchisees. As described above, we estimate that the initial investment to open a Mainstream Boutique Business will range from $198,200 - $361,350. Typically, the Development Schedule will require you to open between 2 and 5 Mainstream Boutique Businesses.

8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure uniformity among Mainstream Boutique Businesses, the products, merchandise, supplies, equipment (including computer hardware and certain software) and other items that may be used or sold by your Mainstream Boutique Business must meet Mainstream's quality standards and specifications as specified in our Manual and in other written communications. Mainstream will provide you with a written list containing its specifications and the names of approved brands or manufacturers for the products, merchandise, supplies, equipment (including computer hardware and certain software) and other items, and may periodically modify this list. You may purchase the products, merchandise, supplies, equipment (including computer hardware and certain software), architectural services, and other goods and services only from suppliers that we have approved. Mainstream will also approve all vendors and suppliers for all retail inventory sold at Mainstream Boutique Businesses by providing an Approved Vendor List. Our Approved Vendors List is updated periodically on SharePoint, our Business System's intranet. Mainstream formulates and modifies its standards and specifications and manufacturer and brand approvals based on the quality requirements for a particular product, product performance, product appearance, product availability and related factors, and issues its standards and specifications and manufacturer and brand approvals in writing.

You must only purchase approved products from the vendors on the Approved Vendor List. You cannot purchase any products that Mainstream has not approved, and you cannot purchase any products, approved or unapproved, from any vendor not on the Approved Vendor List. Mainstream may terminate your Franchise Agreement if you purchase any unapproved products or if you purchase any products from a vendor not on the Approved Vendor List.

Before you open your Store, Mainstream will work with you to place the order for your initial opening inventory of merchandise you will need before you commence operations of the Store. You will pay for the initial opening inventory. The amount of the initial inventory necessary to commence operations of your Business ranges from $30,000 to $45,000, depending upon the time of year you commence operations and what inventory, if any, you already have in stock.

Mainstream posts photographs of recommended new products for the upcoming season on our internal, password protected websites. Mainstream also provides detailed information regarding style numbers, prices, color options and delivery procedures for its new products. In addition, Mainstream may conduct live videos at markets throughout the year broadcasted to the internal franchisee Facebook page. Mainstream offers assistance to franchisees at markets across the country. Based on the information Mainstream provides, you must prepare orders and send the orders to appropriate vendors. Mainstream may designate up to 30% of the style and type of inventory you must purchase for your Business. You will pay the suppliers directly for all products and inventory orders placed. You must immediately notify Mainstream if you have past due invoices with any supplier. If you have past due invoices with any supplier, Mainstream may refuse to place additional orders with any suppliers until you pay those debts (in addition to other remedies available). Mainstream periodically updates the procedures for ordering inventory through the Manual.

Mac and Me is currently offering Mac & Me® clothing and jewelry to franchisees through Mainstream's designated vendors. Mac and Me is one of a number of vendors approved to sell clothing, jewelry, and accessories to franchisees, but we require that you purchase Mac & Me® products for sale in your Business. Mac and Me anticipates expanding its Mac & Me® line to other accessories and clothing and Mainstream may require that franchisees purchase certain items exclusively from Mac and Me. During the fiscal year ended December 31, 2025, Mac and Me received $19,666 as a result of franchisees' purchases of Mac & Me® clothing and jewelry.

You must comply with all standards and requirements that Mainstream designates for Businesses. Mainstream must consent to the site of your Retail Location. You must follow Mainstream's then-current approved specifications in constructing and equipping the Business, which are included in the Build Out Guide. The Build Out Guide will be provided to you and includes different selections that you may choose from for the design of your Business. You must use our Architectural Drawings and Fit Plan in designing your Business. You also must use equipment, signage, fixtures and furnishings that meet Mainstream's specifications and standards. Mainstream is not currently an approved or designated supplier for any items or inventory required for the Business.

If you see a line or a vendor you think has potential to sell in your Business, you will fill out a "New Vendor Request" and submit it to Mainstream's Buying Office. The criteria for approving the vendor may be provided to you upon written request to us. The Buying Office will determine if the vendor is approved for testing. Mainstream's Buying Office will provide a response between one to two weeks of receiving the New Vendor Request. Once the Buying Office gives you approval, you may order from the new vendor. Franchisee is responsible for providing Mainstream with vendor performance data after the completed testing period. If the line is a success, the information will be shared with everyone, and the vendor will be added to our Approved Vendor's List. If the product line does not meet performance criteria, it will be sold through a clearance sale from your Business inventory, and the new product line will be discontinued. If at any time Mainstream determines that any previously approved item of inventory is not suitable to sell or use in your Mainstream Boutique Business because the item no longer meets its uniformity requirements, quality standards and specifications, Mainstream will notify you in writing. Mainstream may require that you pay the costs of evaluation, testing or reviewing the proposed items or suppliers. You may not purchase any more of those items, although you may sell or use the remaining items that you have already purchased.

Mainstream estimates that the purchase or lease of products, merchandise, supplies, equipment (including computer hardware and certain software) which meet Mainstream's specifications and standards will represent approximately 35% to 65% of the cost to establish your Mainstream Boutique Business, and 50% to 70% of the cost to operate your Business.

For the benefit of its franchisees, Mainstream may negotiate with certain suppliers to get the best prices for clothing and accessories to be offered by your Mainstream Boutique Business. Mainstream reserves the right to provide material benefits to you based on your use of designated or approved sources.

You must join the MSB Cooperative. You also must pay MSB Cooperative $1,000 for the purchase of one share of stock. The purchase price of the stock will be paid over 4 years offsetting rebates due to you by $250 per year. All purchases that you make through the MSB Cooperative may be eligible for rebates, as described in the Manual and MSB Cooperative bylaws. Rebates are paid to MSB Cooperative and put into a rebate pool. The MSB Cooperative may withhold up to 2% of that rebate pool for marketing, merchandising, trainings, to fund an incentive plan, to fund product development and distribution, or to hold inventory. An additional percentage of the rebate pool is paid to MB Management Company or Mainstream as a management fee. That management fee ranges from 25% to 50% of the rebate pool depending on the total amount of the rebates that the MSB Cooperative collects, and in 2025, the management fee was 50% of rebates collected. The remaining amounts in the rebate pool are distributed to members. In order for a member to be eligible for a rebate, the member must purchase a certain percentage of its products from designated vendors. In the 2025 fiscal year, MB Management Company received $41,000 of the rebates collected by MSB Cooperative. Other than the MSB Cooperative, there are no purchasing or distribution cooperatives.

Though neither Mainstream nor its affiliates received revenue, rebates, or any other material consideration as a result of required purchases or leases during the previous fiscal year, Mainstream and its affiliates reserve the right to do so in the future, and any rebates may range from 1% to 10% or more.

Mainstream's officers do not own a material interest in a supplier, other than their interest in Mainstream and Mac and Me.

You must obtain the types of insurance coverage described in the Manual. Currently, you must carry the following types of insurance: 1) commercial general liability and automobile liability with limits of at least $1,000,000 per occurrence, 2) workers compensation in the amounts required by applicable law, 3) "all risk" property insurance with limits of at least "replacement" cost of furniture, fixtures, inventory and tenants improvements, and 4) cyber liability insurance. Your insurance policies must name Mainstream and our affiliates as additional insureds on a primary and non-contributory basis. You are required to provide adequate proof that all required insurance has been obtained by providing Mainstream with your certificate of insurance. You may also be required to provide endorsements or copies of actual policies upon franchisor's request. We may modify the types and the estimated cost of the required insurance coverages is described in Items 6 and 7 of this disclosure document. Mainstream does not derive revenue from your purchase of required insurance coverages.

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 other items

of this disclosure document.

Obligation	Section in Agreement[1]	Disclosure Document Item
a. Site selection and acquisition/lease	Articles 1.3 and 6.3	Item 11
b. Pre-opening purchases/leases	Articles 6.9-6.11, 6.20, 6.21 and 9.1	Items 7 and 8
c. Site development and other pre-opening requirements	Articles 6.3, 6.4, 6.7 and 6.9	Item 11
d. Initial and ongoing training	Article 8	Item 11
e. Opening	Article 8	Item 11
f. Fees	Articles 4 and 5	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Articles 6 and 7	Item 11
h. Trademarks and proprietary information	Articles 3, 6.10 and 7	Items 13 and 14
i. Restrictions on products/services offered	Articles 6.9, 6.11 and 9	Item 16
j. Warranty and customer service requirements	Article 6	Item 11
k. Territorial development and sales quotas	Articles 1, 4.7, 6.7, 6.12 and 6.15	Item 12
l. Ongoing product/service purchases	Articles 6.9, 6.11 and 9	Item 8
m. Maintenance, appearance and remodeling requirements	Articles 6.3, 6.7, 6.9 and 6.12	Item 11
n. Insurance	Article 10	Items 6 and 8
o. Advertising	Article 5	Items 6 and 11
p. Indemnification	Article 11	Item 6
q. Owner's participation/ management/staffing	Articles 6.15 and 6.25	Items 11 and 15
r. Records/reports	Articles 6.22 and 12	Item 6

Obligation	Section in Agreement[1]	Disclosure Document Item
s. Inspections/audits	Articles 6.17 and 12.5	Items 6 and 11
t. Transfer	Article 14	Item 17
u. Renewal	Article 2	Item 17
v. Post-termination obligations	Article 17	Item 17
w. Non-competition covenants	Article 18	Item 17
x. Dispute resolution	Articles 19 and 20	Item 17

(1) Unless otherwise noted, all references are made to the Franchise Agreement.

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

Obligation	Section in Agreement[1]	Disclosure Document Item
a. Site selection and acquisition/lease	Article 4	Item 11
b. Pre-opening purchases/leases	None	Items 7 and 8
c. Site development and other pre-opening requirements	Article 4	Item 11
d. Initial and ongoing training	None	Item 11
e. Opening	None	Item 11
f. Fees	Articles 2(D) and 5	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	None	Item 11
h. Trademarks and proprietary information	Articles 7 and 8	Items 13 and 14
i. Restrictions on products/services offered	None	Item 16
j. Warranty and customer service requirements	None	Item 11

Obligation	Section in Agreement[1]	Disclosure Document Item
k. Territorial development and sales quotas	Articles 2 and Exhibit B	Item 12
l. Ongoing product/service purchases	None	Item 8
m. Maintenance, appearance and remodeling requirements	None	Item 11
n. Insurance	None	Items 6 and 8
o. Advertising	None	Items 6 and 11
p. Indemnification	Article 20	Item 6
q. Owner's participation/ management/staffing	None	Items 11 and 15
r. Records/reports	Article 10	Item 6
s. Inspections/audits	None	Items 6 and 11
t. Transfer	Article 15	Item 17
u. Renewal	None	Item 17
v. Post-termination obligations	Article 12(C) and 14(B)	Item 17
w. Non-competition covenants	Article 8	Item 17
x. Dispute resolution	Articles 16 and 17	Item 17

10. FINANCING

Mainstream does not offer direct or indirect financing. Mainstream does not guaranty your note, lease or obligation.

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

Except as listed below, Mainstream is not required to provide you with any assistance.

Assistance Prior to Opening – Prior to starting operations of your Business, Mainstream will provide you with:

(1) a written schedule for the approved fixtures, supplies and equipment for use in your Business (Franchise Agreement Article 8.5);

(2) samples (or if samples are not available, then photographs of samples) of the clothing and accessories currently available to Mainstream Boutique® franchisees to order your initial inventory and a list of required inventory (Franchise Agreement Article 9.1);

(3) a list of approved sources of fixtures, supplies, equipment, products, printed materials, items, goods and services (Franchise Agreement Article 8.5);

(4) a copy of Mainstream's confidential Manual (Franchise Agreement Article 7);

(5) initial training as described below (Franchise Agreement Article 8);

(6) our building design standards, plans, and specifications and the approval process for the site of the Retail Location (Franchise Agreement Article 1.2 and 6.3); and

(7) provide assistance in your evaluation and selection of a site for the Retail Location (Franchise Agreement – Section 6.3).

Mainstream does not generally own franchisee's Mainstream Boutique Business' premises.

In addition, if you enter into a Development Agreement, we and you will have agreed to a Designated Area and a Development Schedule which identifies the number of Mainstream Boutique Businesses you will develop, and the time frame and the area in which the Mainstream Boutique Businesses will be developed. Mainstream will enter into additional Franchise Agreements for Mainstream Boutique Businesses if, at the time of your request: (1) you have signed a Franchise Agreement by the date specified in the Development Schedule; (2) you meet our current minimum financial standards; (3) you fully comply with all obligations and are in good standing under each existing Franchise Agreements between Mainstream and you for individual Mainstream Boutique Businesses; and (4) you are not in default under the Development Agreement. (Development Agreement Article 3). Mainstream's obligations under the Development Agreement apply to a multi-unit franchisee only. Each time Mainstream and a multi-unit franchisee signs another Franchise Agreement, Mainstream's obligations are activated for the new Mainstream Boutique Business to be established. Except as described above, we do not have separate obligations under the Development Agreement.

Ongoing Assistance – During the operation of your Business, Mainstream will:

(1) periodically conduct a store visit to your Retail Location and render written reports as it deems appropriate (Franchise Agreement Articles 6.17 and 8.5);

(2) provide you with supplements and modifications to the Manual (Franchise Agreement Article 7);

(3) provide you with the names and contact information of newly approved vendors and suppliers (Franchise Agreement Article 8.5);

(4) develop marketing programs, establish a web presence, produce advertising and/or promotional materials, conduct advertising research and implement advertising and promotional campaigns (Franchise Agreement Article 5.2); and

(5) provide you with the assistance of a store operations team member (Franchise Agreement Article 8.5).

Manual – A copy of the Table of Contents of the Manual, as of the issuance date of this disclosure document, is included as **Exhibit C** to this disclosure document. As of the issuance date of this disclosure document, the Manual has 250 pages.

Site Selection – If you already have a proposed site for your Business, we must approve the proposed site in writing before you begin any sort of construction or improvements. Mainstream may consent to the proposed location after an independent evaluation. The location for your Mainstream Boutique Business will be identified in **Exhibit A** to the Franchise Agreement. If you do not have a proposed location, you will sign **Alternative Exhibit A** to the Franchise Agreement which indicates that no specific site has been identified and that a site must be located within 180 days, by mutual agreement. Mainstream will provide you with general site selection and evaluation criteria. You are solely responsible, however, for obtaining a location which meets Mainstream's standards and criteria and is acceptable to Mainstream. If you enter into a lease for your Business, you must provide Mainstream with a copy of the lease and sign a lease addendum in the form attached to the Franchise Agreement. You must comply with all standards and requirements that Mainstream designates for Businesses. Mainstream may approve or disapprove a site proposed by you in its sole discretion, but considers factors such as size and desirability of location, market demographics, and local competition. Mainstream will approve or disapprove your request for consent of a proposed Retail Location within 30 days.

If you sign Alternative Exhibit A to the Franchise Agreement and Mainstream and you cannot agree on a site for the Business within 180 days, you can request an extension for a $2,500 fee. We will determine the length of the extension (which will not exceed 6 months). Any extension fees paid are non-refundable. If you do not request an extension, we do not grant your request for an extension or we and you cannot agree on a site during any extension period, we can terminate your Franchise Agreement.

Time of Opening – Mainstream Boutique Businesses generally start operations within 6 to 12 months from the date the Franchise Agreement is signed. Factors affecting this length of time include ability to obtain financing, completion of initial training, leasing and updating the Retail Location, delivery of equipment and delivery of initial inventory.

Initial Training – Prior to the opening of your Business, you (or if you are an entity, your owner) must complete training that is available to download on our intranet, SharePoint. You (or if you are an entity, your owner) must also attend the training program offered at Mainstream's flagship store location located in Apple Valley, Minnesota (Franchise Agreement Article 8) or under unique circumstances, remotely over the Internet, which is subject to Franchisor's prior written approval. If you are participating in the Lead and Launch program, we may not require you to participate in all of the training program, depending on your experience in the Mainstream Boutique system.

This training program is conducted by multiple members of the Mainstream home office team. The four general casting-day training program includes classroom instruction and on-the-job training covering the Mainstream Boutique Business System. You will learn basic operating skills, such as daily operational processes and procedures, inventory purchasing and management, merchandising, customer service, basic computer functions and point-of-sales (POS) system training, selling and marketing techniques, financial reporting and other business and marketing related topics selected by Mainstream. You will also participate

in hands on training in our flagship store in Apple Valley, Minnesota. This training program ordinarily must be completed 30-60 days before your Mainstream Boutique Business is scheduled to open, and you will not be authorized to operate your Mainstream Boutique Business unless this training is successfully completed. Mainstream will offer training as needed to train franchisees. You must pay for your salary, fringe benefits, travel costs and expenses, room and board, and rental car or transportation needed to get to training each day, as well as any workers' compensation and federal and state unemployment compensation costs required by law for persons attending the training program. The following table summarizes the Mainstream training program:

Initial Training Program[(1)(2)]

Subject	Hours of Training	On the Job	Location
Store Visits	1-2	0	Minneapolis, Minnesota or a Minnesota location we designate
Business Planning	1	0	Minneapolis, Minnesota
Purchasing and Inventory Management	7	1	Minneapolis, Minnesota
Store Operations	2	2	Minneapolis, Minnesota
Styling and Merchandising	3	2	Minneapolis, Minnesota
Mainstream Boutique Experience	1	2	Minneapolis, Minnesota
Point of Sale	1	1	Minneapolis, Minnesota
Marketing	5	2	Minneapolis, Minnesota
Financial Reporting	1	0	Minneapolis, Minnesota
	22-2	**10**	

(1) Instructional materials include the Manual, handouts, worksheets and other written materials.

(2) Lisa DeBack will oversee the training program. Ms. DeBack has been the Director, Franchise Operations since April 2018.

Online Training. You will use the training tools and materials available to you through our Intranet. A variety of training topics are available, and content is updated periodically. Currently, there is no fee for SharePoint. In the future, we may require additional training on SharePoint and you must pay our then-current fees.

New Hire Training – You are responsible for training any new employee or independent contractor for your Mainstream Boutique Business.

Subsequent Training – You will receive subsequent training from one of our employees or agents ("Franchise Onboarding") during the first 6 months your Business is open and operating. A weekly call will be scheduled with a member of Franchise Onboarding to review inventory, sales, marketing efforts and to answer any questions you may have. Beyond the first 6 months, additional will be provided at least monthly by one of our Franchise Coaches.

Mainstream may provide optional or mandatory training at any time during the term of the Franchise Agreement (Franchise Agreement Article 8.6). There is currently no charge for this training, but

we may charge a fee of up to $300, per course, per person, for such additional training depending upon the type, location and duration of the training provided. You pay the salaries, fringe benefits, transportation expenses, living expenses, worker's compensation, and federal and state unemployment compensation for all management-level employees who attend the optional additional training courses offered by Mainstream. The types of additional training currently available from Mainstream include use and training of independent contractors, techniques for boosting sales, setting up an attractive booth for tradeshows, working effectively with inventory, and planning and booking events. These programs may be offered at Mainstream's offices in Minneapolis, Minnesota, within your Designated Territory, or through Mainstream's online training platform.

Annual Convention – We may, in our discretion, periodically hold or sponsor franchise conventions and meetings relating to new services or products, new operational procedures or programs, retail or clothing trends, system updates or modifications, franchisee feedback, training, business management, sales and sales promotion, or similar topics. Currently, you are required to attend our annual convention and pay a registration fee of $179 per person. If you cannot attend the convention, you will still be required to pay the registration fee. You are responsible for covering all expenses including airfare, hotel, meals, and compensation for you or your staff attending the convention. The annual convention will be held at the location or locations selected by us in our discretion. The individual who attends the annual convention on your behalf must be the franchisee, or someone who directly or indirectly owns an interest in the franchisee entity.

Advertising – We administer the Advertising Fund and collects an Advertising Fee. You must contribute at least .5% of the Net Revenues for your Business to the Advertising Fund. Mainstream will spend that amount in any manner Mainstream deems appropriate on advertising and promotion and is not required to spend that amount in your Designated Territory or the state where your Retail Location is located. Mainstream will use the Advertising Fund to promote the Marks and the Mainstream Boutique® brand, which may include conducting advertising research, establishing a web presence, developing marketing materials as well as print advertising and promotional materials for use in each franchisee's Business, implementing advertising and promotional campaigns, and reimbursing Mainstream for costs associated with the Advertising Fund, including employee's salaries. Mainstream has contracted with outside advertising agencies and production companies to produce the advertising production and promotional materials. In addition, Mainstream may supply you with templates of approved advertising and promotional materials and make them available through Mainstream's intranet. You may develop advertisement materials for your own use, at your own cost, if your materials are factually correct, accurately depict the Mainstream Boutique® Marks, and communicate the image that Mainstream has established for Mainstream Boutique Businesses. If you develop advertising materials, you must provide a copy of the materials to Mainstream for review and obtain written approval before you use the advertising materials.

The Mainstream Boutique Businesses operated by our affiliates may contribute to the Advertising Fund, but are not required to contribute to the Advertising Fund on the same basis as franchisees. Mainstream administers the use of Advertising Fund monies collected from franchisees. Mainstream does not audit the collection and use of Advertising Fund contributions and Mainstream may receive reimbursement from the Advertising Fund for administrative expenses related sales promotion, marketing and other general expenses related to maintaining the Advertising Fund. Mainstream is not obligated to spend any amount of the Advertising Fund contributions on advertising in the area where your Retail Location is located. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the Advertising Fund for the most recent calendar year. Advertising Fund contributions not spent in any fiscal year will be carried over for future use. Advertising Fund contributions will not be used for advertising principally directed at the sale of franchises. Mainstream has no fiduciary duty to you with respect to the collection or expenditure of the Advertising Fund, and any advertising or marketing fund will not be a trust or escrow account.

In the 2025 fiscal year, we used the Marketing Fees (deposited into the Advertising Fund) accordingly: 38% on social media development and management, 30% on professional photography and video, 23% on national advertising (Facebook); 6% on creative development and promotional resources, and 3.0% on subscriptions, licenses, and website support.

You must also spend at least 3% of Net Revenues per year on local advertising (Franchise Agreement Article 5.1). You must submit an annual marketing report to Mainstream detailing your local advertising and marketing expenditures. In the event you have contributed less than 3% of Net Revenues, we may collect the shortfall and deposit it into the Advertising Fund.

You also must spend at least $3,000 to conduct a Grand Opening Campaign that Mainstream approves. You must spend that amount during the first month after you opened your Retail Location. Your Grand Opening Campaign expenditures may be applied to your local advertising requirements described above.

You are not required to participate in any local or regional advertising cooperative.

As of the Issuance Date, there is no advertising council composed of franchisees that advises the franchisor on advertising policies, but periodically, Mainstream and its franchisees collaborate on special projects, which may include marketing projects. Mainstream reserves the right to establish advertising councils in the future.

Computer System – Mainstream will provide to you the standards and specifications for the computer hardware and software, point-of-sales system and platform, and related platforms as well as all modifications and updates to these standards and specifications (Franchise Agreement Article 6.22). You must purchase computer hardware with enough computing power to run any of the currently available commercial software that will be used in your Mainstream Boutique Business. Mainstream requires you to purchase the computer hardware and software approved by us. Mainstream requires that you purchase your POS system (including computer system and software) from our approved supplier prior to training and estimates that the POS system will cost between $5,000 and $8,600. Current POS and computer systems and software requirements are updated periodically in our Manual. As the current POS system, computer systems, and software requirements change, you may be required to upgrade your hardware or software throughout the term of this Agreement, without restrictions on frequency or cost. There are no contractual limits imposed upon Mainstream's access to the data stored on your POS system or computer system.

You are responsible for maintaining all the above hardware and software in good operating condition. A typical maintenance contract (optional) can vary from $100 to $500 per year depending on level of service. Mainstream is not obligated to provide maintenance or general technical support for the computer system.

The existing QuickBooks Online accounting software will be used to assist in daily operational functions such as managing inventory and financial statements, reporting Net Revenues, and various other operational figures to Mainstream. Mainstream reserves the right to access data maintained by you on the QuickBooks Online accounting software. You may be required to update or upgrade your accounting software throughout the term of this Agreement, without restrictions on frequency or cost.

Mainstream has no obligation to update, upgrade or otherwise modify any computer software.

12. TERRITORY

Franchise Agreement - The location for your Mainstream Boutique Business will be identified in **Exhibit A** to the Franchise Agreement. If you do not have a location for your Business when you and Mainstream sign the Franchise Agreement, you will sign **Alternative Exhibit A** to the Franchise Agreement and will have 180 days after the date of the Franchise Agreement to find a location for the Business (acceptable to Mainstream). You may operate only one Retail Location under this Franchise Agreement. We will designate a territory once the location of the Business is approved (the "Designated Territory"). Your Designated Territory will have a population of approximately 100,000 people, but will not be greater than a 7-mile radius surrounding your Business. So long as you are in compliance with Mainstream's standards and specifications and your Franchise Agreement, Mainstream will not establish or franchise others to establish a Mainstream Boutique® retail store within the Designated Territory, but your Designated Territory may overlap with the territory of another franchisee. The boundaries of the Designated Territory will be attached to **Exhibit A** of the Franchise Agreement. If you want to operate an additional Retail Location, you must obtain Mainstream's consent and sign another Franchise Agreement, even if the additional Business will be located within the same Designated Territory as your initial Retail Location.

You can host a Show from any location (including online but not at the physical location of another franchisee's or MFI's Protected Account, as described below) and any other franchisee or MFI may conduct a Show at any location, including within your Designated Territory, as described below.

If damage to or condemnation or sale of your Retail Location or other cause requires you to relocate, you may with our prior written consent, relocate within your Designated Territory. If we permit you to relocate your Retail Location, you will need to build out the Retail Location consistent with our then-current standards for new Businesses.

Mainstream will grant you the right to maintain "Protected Accounts." A Protected Account is a Mainstream Boutique® Show that you book with a corporation or other entity and conduct on the site of a single location of a commercial business or at a regularly scheduled business function or event. A Show that you book with an individual cannot be a Protected Account. You may request that Mainstream grant you the right to maintain a Protected Account if you meet or exceed certain minimum performance criteria from the initial Show and each subsequent Show. If you are granted a Protected Account, Mainstream will not authorize other Mainstream Boutique® franchisees to conduct a Show for your Protected Account. The minimum performance criteria to obtain Protected Account status is established by Mainstream on an annual basis and is defined in Mainstream's Manual. Currently, Mainstream defines the minimum performance criteria to be granted a Protected Account as having obtained a minimum of $1,000 in Net Revenues for your initial Show for such account and, for Fee Event Shows, your commitment to be available, with respect to all future Shows for such account, during all hours that the Show may be open to the public. In addition, under current Mainstream performance criteria, in order to maintain the Protected Account status for subsequent Shows for a particular account, you must obtain $1,000 in Net Revenues or at least 80% of the Net Revenue of the previous Show for the Protected Account, whichever is greater. In all cases, customer satisfaction must be maintained and the Protected Account status may be removed at the customer's request or if Mainstream determines, in its sole discretion, that customer satisfaction is not being met.

Continuation of your Mainstream Boutique® franchise is not specifically dependent upon the achievement of certain Net Revenues, the penetration of the potential market or any other contingency; however, starting with the first anniversary date of your Franchise Agreement and for each six-month period during Year 2, you must pay Mainstream a minimum Continuing Fee of $6,000. For each six-month period

during Year 3 and thereafter, you must pay Mainstream a minimum Continuing Fee of $8,000. Mainstream does not grant to you any options, rights of first refusal or similar rights to acquire a franchise within any other territory, except as described below.

Though Mainstream, MFI or an affiliate may do so in the future, neither Mainstream, MFI nor any affiliate has established or has any present plans to establish other franchises or company-owned businesses or another channel of distribution selling or leasing similar products or services under a different trade name or trademark, except as described above.

Development Agreement - If you enter into a Development Agreement, you will receive certain protected rights to develop more than one Mainstream Boutique Business within a designated geographic area (the "Designated Area") to be described in Exhibit A attached to the Development Agreement. The size of the Designated Area will vary, depending on the number of Mainstream Boutique Businesses you intend to open, the population density, and the demographics in the area in which you desire to operate. The Designated Area may be one or more counties or cities in rural areas, and may be a portion of a metropolitan statistical area in heavily-populated major cities. If you are in full compliance with the Development Agreement and any Franchise Agreement, we will not establish another franchised or company-owned Mainstream Boutique Business in the Designated Area. If you do not comply with the Development Schedule and the Development Agreement, we may terminate the Development Agreement and grant individual or multiple unit franchises within the Designated Area to third parties. As described in Item 6 above, you may request an extension to the date by which you must open a Mainstream Boutique Business under the Development Schedule (limited to the period of time we allow, not to exceed 6 months). The protections granted in the Designated Area are not contingent upon achieving a certain sales volume, market penetration or other requirement, and we will not alter or modify your territory during the term of your Development Agreement.

Reservation of Rights - Mainstream and any franchisee may operate a Mainstream Boutique® retail location outside of the Designated Territory of your Mainstream Boutique® Business or outside your Designated Area if you are a multi-unit franchisee. Further, Mainstream may, without compensation to you: (1) sell the goods and services authorized for sale at full-service Mainstream Boutique® Businesses under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution at any location; (2) sell the goods and services authorized for sale at full-service Mainstream Boutique® Businesses under the Marks through dissimilar channels of distribution, including by electronic means such as the internet and by websites Mainstream establishes; (3) operate, or to grant other persons the right to operate Mainstream Boutique® Businesses selling Mainstream Boutique® products and services to customers within and outside your Designated Territory or Designated Area through direct sales by conducting Shows; (4) sell directly or indirectly products under the name "Mainstream Boutique®" or other Marks through other methods of distribution, including the internet; (5) advertise the Mainstream Boutique Business System on the internet (or any other existing or future forms of electronic commerce), online retail platforms, email marketing, or other digital marketing, and to create, operate, maintain and modify, or discontinue the use of a website using the Marks; and (6) grant other franchisees the right to use the name "Mainstream Boutique®," the other Marks and the Business System. You may accept orders from anyone who shops at your Mainstream Boutique Business, but you may not use other channels of distribution such as the Internet. You may host Mainstream Boutique® Shows, as described above. 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.

Incentive Programs

If you participate in either the Scale with Style program or the Revive & Thrive program, the Designated Territory granted under a Franchise Agreement signed in connection with either of these

programs will have a population of 125,000 people. In addition, for 5 years after signing the Franchise Agreement, you will have a right of first refusal for any Mainstream Boutique Business proposed to be developed within 20 miles of any of your Mainstream Boutique Businesses.

13. TRADEMARKS

You are licensed to operate your Business under the name "Mainstream Boutique®." We previously authorized franchisees to operate under the name "Mainstream Fashions." You are also authorized to use the logo which appears on the cover page of this disclosure document. You may only use Mainstream's service marks in the manner authorized in writing by Mainstream.

The following is a list of the trademark and service mark registrations of Mainstream's primary Marks on the Principal Register of the United States Patent and Trademark Office:

Principal Trademarks	Registration or Serial No.	Registration or Application Date	Principal/ Supplemental Register
MAINSTREAM BOUTIQUE®	4,378,552	August 6, 2013	Principal
MAC AND ME®	4,893,401	January 26, 2016	Principal
YOU ARE SO LOVED®	6,117,658	August 4, 2020	Principal

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving Mainstream's principal trademarks and service marks (the "Marks") which have limited or restricted the use of Mainstream's trademarks, trade names, service marks or commercial symbols in any state. There are no agreements currently in effect which significantly limit the rights of Mainstream to use or license the use of its Marks in any manner material to you.

Except as disclosed above, there are, to the knowledge of Mainstream, no infringing uses which could materially affect your use of the licensed Marks or other related rights in any state. Mainstream is obligated under the Franchise Agreement to protect your rights to use our Marks and to protect you against claims of infringement and unfair competition with respect to the Marks. You must notify Mainstream promptly of any infringement or unauthorized use of the Marks of which you become aware. Mainstream reserves the right to control any litigation related to the Marks and has the sole right to decide to pursue or settle any infringement actions related to the Marks. However, if anyone establishes to Mainstream's satisfaction that its rights are, for any legal reason, superior to any of Mainstream's Marks, then you are required to use such variances or other service marks, trademarks or trade names as may be required by Mainstream to avoid conflict with such superior rights, and you must make these changes at your expense.

The Franchise Agreement provides that Mainstream will indemnify you from any damages assessed against you in any actions resulting from your use of the Marks within your Designated Territory if you tender defense of the claim within seven days after receiving notice of the claim and comply with the other provisions of the Franchise Agreement relating to the Marks. This indemnification, however, does not cover your expenses if we require that you stop using the Marks and begin to use new marks as noted in the preceding paragraph.

You do not receive any rights under the Development Agreement to use the Marks.

14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Mainstream does not own any patents.

Mainstream has copyrighted advertising materials, training materials, the Manual, and items relating to the operation of the franchised Business, but has not applied to the United States Copyright Office to register the copyrights. The Manual and other information relating to the operation of a Mainstream Boutique Business is proprietary to Mainstream and must be kept confidential by you, your employees and your independent contractors. You may not copy or alter any copyrighted or proprietary materials without Mainstream's written consent, and may not use such materials other than in connection with the operation of your Mainstream Boutique Business.

There are no infringing uses actually known to Mainstream that could materially affect your use of any copyrighted material supplied by Mainstream. There are no presently effective determinations of the Copyright Office or any court, no pending interference, opposition or cancellation proceedings, or any pending material litigation involving Mainstream's copyrighted or proprietary materials which are relevant to their use in any state. There are no agreements currently in effect which significantly limit Mainstream's right to use or license the use of the copyrighted or proprietary materials in any manner material to the franchise.

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

If you are an individual, you are required to participate in the operation of the franchised Business. If you are a corporation, partnership or other business entity, you must designate in writing to Mainstream the individual who owns 51% of the franchisee entity and that individual is required to participate in the operation of the Business. You are required to attend and successfully complete Mainstream's initial training program prior to managing or operating your Mainstream Boutique Business. In addition, the Business must at all times be under your direct supervision (or if you are an entity, a principal owner or a designated manager that we have approved and who has successfully completed the training programs). The person who is responsible for the day-to-day supervision of the Business (i.e., a principal owner or approved operating manager) assumes his/her responsibilities on a full-time basis and may not engage in any other business or other activity that requires any significant management responsibility, time commitments, or otherwise may conflict with his/her obligations.

Each individual who owns an interest in the franchisee entity must sign the Personal Guarantee attached as Exhibit B to the Franchise Agreement and, if applicable, Exhibit C to the Development Agreement. These people agree to discharge all obligations of the franchisee entity to us under the Franchise Agreement and are bound by all of its provisions.

Your employees and independent contractors must sign a confidentiality agreement in a form Mainstream approves, agreeing to maintain the confidentiality of Mainstream's confidential and proprietary information. In addition, subject to state law, your managers and other key employees must sign a non-competition agreement in a form Mainstream approves.

16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement provides that you must sell the products and services required by Mainstream from Mainstream's approved vendors. Our Approved Vendors List is updated periodically on SharePoint. You also must place all orders for retail inventory from approved vendors and suppliers.

Mainstream has the right to add additional required products and services during the term of the Franchise Agreement. Furthermore, you are prohibited from offering or selling any products or services not authorized by Mainstream and from using your business for any purposes other than the operation of a Mainstream Boutique Business. You are not limited in the customers to whom you may sell your products and services, except there are certain limitations to soliciting and accepting orders from Protected Accounts of other Mainstream Boutique® franchisees.

17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Article 2.1	10 Years
b. Renewal or extension of the term	Article 2.2	For one additional 10-year term under terms offered to other franchisees at the time of renewal
c. Requirements for you to renew or extend	Article 2.2	Give 180 days' notice; satisfy all material requirements of your current Franchise Agreement; pay all amounts due to Mainstream; modernize your Business; pay a $5,000 renewal fee; sign a new Franchise Agreement (which may contain materially different terms and conditions than your original Franchise Agreement); and sign a general release of claims
d. Termination by you	Article 16	Mainstream violates any material term of the Franchise Agreement; Mainstream fails to pay any amount due to you; or Mainstream assigns its assets to creditors
e. Termination by Mainstream without cause	Not Applicable	
f. Termination by Mainstream with cause	Article 15.1	You are in breach of the Franchise Agreement
g. "Cause" defined – curable defaults	Article 15.1	You will have 30 days to cure if you: fail to start operating your Mainstream Boutique Business within 90 days of signing a lease; violate any material provision; fail to conform to the Business System; fail to pay fees due to Mainstream, fail to comply with the Franchise Agreement

Provision	Section in Franchise or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	Article 15.4	You are insolvent or make an assignment for the benefit of creditors; you are convicted of violating any law relating to your Mainstream Boutique Business or of committing a felony; you abandon your Mainstream Boutique Business; your conduct materially impairs Mainstream's Marks or Business System and you fail to correct such conduct within 24 hours of written notice; or you fail to comply with Mainstream's request for an audit
i. Your obligations on termination/ non-renewal	Article 17	You must cease using Mainstream's Marks and confidential information; alter your Business to distinguish it from Mainstream Boutique Businesses; pay what you owe Mainstream and its affiliates pursuant to the Franchise Agreement; return all printed and electronic materials Mainstream provided you and provide all current customer information and other requested information to Mainstream; transfer your email and telephone directory listings to Mainstream; deliver to Mainstream copies of all purchase orders with Mainstream affiliates and cancel any other third party vendor orders and pay amounts due to all such vendors; transfer all account information related to social media sites related to your Mainstream Boutique Business; transfer or cancel, at Mainstream's discretion, all other accounts related to your Mainstream Boutique Business; and remove all signs and other materials containing any Marks (also see o, r below)
j. Assignment of the contract by Mainstream	Article 14.1	No restriction on Mainstream's right to assign
k. "Transfer" by you – defined	Articles 14.2 and 14.5	Assignment of rights under the Franchise Agreement
l. Mainstream's approval of transfer by you	Article 14.5	Mainstream has the right to approve any transfer made by you but will not unreasonably withhold its consent
m. Conditions for Mainstream's approval of transfer	Article 14.5	You pay all money owed to Mainstream; comply with Mainstream's right of first refusal; complete a written agreement satisfactory to Mainstream; transferee's shareholders agree to be personally bound to the Franchise Agreement; transferee meets Mainstream's standards; transferee signs a current Franchise Agreement; transferee pays for and satisfactorily completes training program; you pay the transfer fee; and you may be required to remain liable for obligations of the transferee franchisee for a period of time if the transferee franchisee does not meet Mainstream's net worth requirements and sign a general release of claims

Provision	Section in Franchise or Other Agreement	Summary
n. Mainstream's right of first refusal to acquire your Business	Article 13	You must first make a written offer to transfer your Mainstream Boutique Business to Mainstream
o. Mainstream's option to purchase your Business	Article 17.5	When the Franchise Agreement expires or terminates, we may purchase the assets we designate at fair market value
p. Your death or disability	Article 14.5	Your Franchise Agreement may be transferred without first being offered to Mainstream
q. Noncompetition covenants during the term of the franchise	Article 18.1	You may not participate in any business that competes with Mainstream Boutique Businesses
r. Noncompetition covenants after the franchise is terminated or expires	Article 18.2	For a period of two years after the termination of your Franchise Agreement, you may not participate in any business that competes with or provides consulting services to the Mainstream Boutique businesses conducted by Mainstream or Mainstream's franchisees that is located within a 25-mile radius of your Retail Location or within a 25-mile radius of any Mainstream Boutique franchisee
s. Modification of the agreement	Article 20.9	Any modification must be in writing and signed by both you and Mainstream
t. Integration/ merger clauses	Article 20.7	Only the terms of the franchise agreement and its exhibits are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement, and their respective exhibits, may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Except for certain claims, disputes must be arbitrated in Minneapolis, Minnesota, subject to state law
v. Choice of forum	Article 20.4	Arbitration and litigation must be in Minneapolis, Minnesota (subject to state law)
w. Choice of law	Article 20.10	Governing law will be the law of the state where your Mainstream Boutique Retail Location is located (subject to state law)

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

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Article 2(A)	Ends on the last day of the Development Schedule
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by Mainstream without cause	Not Applicable	Not Applicable
f. Termination by Mainstream with cause	Article 12	We may terminate your Development Agreement only if you are in default.
g. "Cause" defined – curable defaults	Article 12(A)	You have 60 days to cure failure to meet development requirements, failure to comply with the Development Agreement; or failure to comply with any Franchise Agreement.
h. "Cause" defined – non-curable defaults	Article 12(B)	Failure on 3 or more occasions in any 12 months to comply with any provision, unauthorized assignment, material misrepresentation or omission in franchise application, conviction of or proof that you have committed a felony or other crime that harms trademarks, improper use or disclosure of confidential information, including the Manual, insolvency, unauthorized use of trademarks that injures goodwill, default which is not curable, or an immediate threat or danger to public health or safety resulting from construction, maintenance or operation of the Business, or Franchise Agreement terminates, or you terminate a franchise Agreement without cause. Termination of the Development Agreement does not allow Mainstream to terminate a Franchise Agreement, but termination of a Franchise Agreement allows Mainstream to terminate the Development Agreement.
i. Your obligations on termination/ non-renewal	Article 12(C)	Lose rights to open additional Businesses under agreement.
j. Assignment of the contract by Mainstream	Article 15(A)	There are no restrictions on our right to assign your Development Agreement.

Provision	Section in Development Agreement	Summary
k. "Transfer" by you – defined	Article 15(B)	Includes transfer of Development Agreement or ownership change.
l. Mainstream's approval of transfer by you	Article 15(B)	We have the right to approve all transfers of the Development Agreement but will not unreasonably withhold approval.
m. Conditions for Mainstream's approval of transfer	Article 15(B)	Good standing under the Development Agreement and Franchise Agreements, all amounts owed paid, transferee-franchisee qualifies, transferee-franchisee signs current form of multiple unit development agreement, you pay the transfer feet, you must sign a general release; agree to comply with post-term covenants; and all Franchise Agreements are also assigned.
n. Mainstream's right of first refusal to acquire your Business	Not Applicable	Not Applicable
o. Mainstream's option to purchase your Business	Not Applicable	Not Applicable
p. Your death or disability	Not Applicable	Not Applicable
q. Noncompetition covenants during the term of the franchise	Article 14(A)	No involvement in a business that is in any way competitive with (including, but not limited to, over the internet) or similar to a Business.
r. Noncompetition covenants after the franchise is terminated or expires	Article 14(B)	No involvements in a business that is competitive with or similar to a Business for two years within 25 miles of any Business you operated, within 25 miles of a Mainstream Boutique Business, or over the internet.
s. Modification of the agreement	Article 17(I)	No modifications generally, except in writing. We may modify the Manual, trademarks, system and goods/services to be offered to your Business.
t. Integration/ merger clauses	Article 17(G)	Only the terms of the Development Agreement (including exhibits) are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 16(A)	Except for actions we bring for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes will be subject to binding arbitration in Minneapolis, Minnesota.

Provision	Section in Development Agreement	Summary
v. Choice of forum	Article 12.2	Litigation not subject to arbitration must be in court with jurisdiction over Hennepin County, Minnesota (subject to state law).
w. Choice of law	Article 12.1	Apply law of state where Designated Area is located

18. PUBLIC FIGURES

Mainstream does not use any public figure to promote its franchise.

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 information included in Table A below are based on reports submitted to Mainstream reported by 50 fully-reporting franchised Mainstream Boutique® Businesses who were in operation for at least 12 months as of December 31, 2025 (the "Reporting Franchisees").

The information for Reporting Franchisees does not include data for the following: (a) 2 franchised Mainstream Boutique® Businesses that opened during the 2025 calendar year ended December 31, 2025 (and therefore do not have a full 12 months of operating history), (b) 2 Mainstream Boutique® Business operating seasonally and not reporting revenue for the full 52 weeks of 2025, (c) 2 Mainstream Boutique Businesses that temporarily closed in connection with a resale and were not in operation for all of 2025; and (d) any Mainstream Boutique® Businesses operated by Mainstream or its affiliates.

The Table below displays the average 2024 and 2025 calendar year Net Revenue for the Reporting Franchisees. To calculate each franchisee's average Net Revenue for the 2024 and 2025 calendar years, we added the 2024 and 2025 Net Revenue reported to us by each Reporting Franchisee and divided the sum by two. The Table below also included the median and range of such average Net Revenues for the Reporting Franchisees.

The financial performance representations in this Item 19 do not reflect the cost of revenues, operating expenses, or other costs or expenses that must be deducted from the net revenues or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Mainstream Boutique® Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

AVERAGE, MEDIAN AND RANGE OF 2024 AND 2025 AVERAGE NET REVENUES FOR FRANCHISED MAINSTREAM BOUTIQUE® BUSINESSES [(1)]

Table A				
Franchised Mainstream Boutique® Businesses Included	**2025 and 2024 Average Net Revenues (Median Net Revenues)**	**2025 and 2024 Range of Average Net Revenues**	**Number of Businesses**	**Number and Percentage of Businesses That Met or Exceeded the Average**
Upper Quarter (Top 25%)	$873,157 ($750,704)	$650,208 to $1,755,240	13	4 (31%)
Mid-Upper Quarter (50%-75%)	$509,171 ($502,836)	$373,696 to $636,253	13	7 (54%)
Mid-Lower Quarter (25%-50%)	$324,350 ($318,769)	$281,113 to $372,471	12	7 (58%)
Lower Quarter (Bottom 25%)	$241,297 ($226,874)	$158,973 to $273,280	12	7 (58%)

Notes to Tables A:

(1) As used in all tables above, "Net Revenues" include all revenues received by the Mainstream Boutique Business, except discounts (up to preapproved amounts established by Mainstream) to hosts, customers and employees, product returns, credits, refunds or sales taxes, as reported to us. Mainstream has not audited the reported Net Revenues.

(2) The information above does not include data for any Mainstream Boutique® Businesses that have ceased operations during 2024 and 2025. There are 17 franchised Mainstream Boutique® Businesses that closed during 2024 and 2025 (none of which had been open less than 12 months). See Item 20 for information regarding the total number of franchised Mainstream Fashions Businesses operating during 2024 and 2025.

Written substantiation of the data presented in this statement will be made available to you upon reasonable request.

Some Mainstream Boutique® Businesses have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

Other than the preceding financial performance representation, Mainstream does not make any financial performance representations. Mainstream also does 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 Clay DeNicola at Mainstream Fashions Franchising, Inc., 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425, (612) 249-8448, the Federal Trade Commission, and the appropriate state regulatory agencies.

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20. OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1
Systemwide Business Summary
For years 2023 to 2025

Business Type	Year	Businesses at the Start of the Year	Businesses at the End of the Year	Net Change
Franchised	2023	73	69	-4
	2024	69	64	-5
	2025	64	56	-8
Company-Owned	2023	3	3	0
	2024	3	3	0
	2025	3	3	0
Total Businesses	2023	76	72	-4
	2024	72	67	-5
	2025	67	59	-8

TABLE NUMBER 2
Transfers of Businesses From Franchisee to New Owners (Other than the Franchisor)
For Years 2023 to 2025

State	Year	Number of Transfers
North Dakota	2023	0
	2024	1
	2025	1
Minnesota	2023	0
	2024	5
	2025	0
Florida	2023	2
	2024	1
	2025	0
Oklahoma	2023	1
	2024	0
	2025	0

State	Year	Number of Transfers
Ohio	2023	0
	2024	0
	2025	1
Michigan	2023	1
	2024	0
	2025	1
Tennessee	2023	1
	2024	0
	2025	0
Texas	2023	0
	2024	0
	2025	1
Illinois	2023	0
	2024	0
	2025	1
Colorado	2023	0
	2024	0
	2025	1
TOTAL	2023	5
	2024	7
	2025	6

TABLE NUMBER 3
Status of Franchised Businesses
For years 2023 to 2025

State	Year	Businesses at the Start of the Year	Businesses Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
California	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Colorado	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Florida	2023	4	1	0	0	0	0	5

State	Year	Businesses at the Start of the Year	Businesses Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
	2024	5	0	0	0	0	0	5
	2025	5	1	0	0	0	0	6
Illinois	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Indiana	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Iowa	2023	3	0	1	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	1	0	0	1
Kentucky	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Massachusetts	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Michigan	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Minnesota(1)	2023	19	1	0	0	0	0	20
	2024	20	1	0	0	0	0	21
	2025	21	0	1	2	0	0	18
Montana	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
North Carolina	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
North Dakota	2023	5	0	0	0	0	0	5
	2024	5	0	0	1	0	0	4
	2025	4	0	0	0	0	0	4
Ohio	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2

State	Year	Businesses at the Start of the Year	Businesses Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Businesses at the End of the Year
Oklahoma	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	1	0	0	0	1
Pennsylvania	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	1	0	0	0	1
South Carolina	2023	4	0	0	1	0	0	3
	2024	3	0	1	1	0	0	1
	2025	1	0	0	0	0	0	1
South Dakota	2023	3	0	0	0	0	0	3
	2024	3	0	1	2	0	0	0
	2025	0	0	0	0	0	0	0
Tennessee	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	2	0	0	0	0
Texas	2023	7	0	3	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Virginia	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
	2025	0	0	0	0	0	0	0
Wisconsin (1)	2023	8	0	0	0	0	0	8
	2024	8	1	0	0	0	0	9
	2025	9	0	0	1	0	0	8
TOTAL	2023	73	2	5	1	0	0	69
	2024	69	2	3	4	0	0	64
	2025	64	2	6	4	0	0	56

(1) One Wisconsin franchisee and one Minnesota franchisee operate a seasonal business that is not open for the entire year.

TABLE NUMBER 4
Status of Company-Owned Businesses (1)
For years 2023 to 2025

State	Year	Businesses at the Start of the Year	Businesses Opened	Businesses Reacquired From Franchisees	Businesses Closed	Businesses Sold to Franchisees	Businesses at the End of the Year
Florida	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Minnesota	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Nebraska	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
TOTAL	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
	2025	3	0	0	0	0	3

(1) As described in Item 1 of this disclosure document, Mainstream's affiliates operate these Mainstream Boutique Businesses.

TABLE NUMBER 5
Projected Openings
As of December 31, 2025

State	Franchise Agreements Signed But Business Not Opened	Projected New Franchised Business in the Next Fiscal Year	Projected New Company-Owned Businesses in the Current Fiscal Year
Florida	1	5	0
Tennessee	0	0	0
Michigan	0	0	0
Minnesota	1	3	0
Ohio	1	1	0
Texas	3	3	0
Virginia	0	0	0
Wisconsin	0	0	0
TOTAL	**6**	**12**	**0**

Attached as **Exhibit F** to this disclosure document is a list of the name, business address and telephone number of all Mainstream Boutique franchises as of December 31, 2025. Also included in **Exhibit F** is a list of the name, business address and telephone number of franchisees who had a Mainstream Boutique franchise terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily cease to do business under the franchise agreement.

If you buy a Mainstream Boutique® franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, certain franchisees have signed confidentiality clauses that will limit their ability to speak openly about their experience with Mainstream Boutique® franchise system. You may wish to speak with current or former franchisees but be aware that not all such franchisees will be able to communicate with you.

The following independent franchisee organization has asked to be included in this disclosure document:

Fashion Franchisee Association, Inc.
c/o Dianna Fiergola
1506 Ninth Street East
Menomonie, WI 54751
Telephone: 715-309-2246
Email: dfiergola@mainstreamboutique.com.

21. FINANCIAL STATEMENTS

Attached as **Exhibit A** are the audited financial statements of Mainstream for the fiscal years ended December 31, 2025, 2024 and 2023. Also attached as Exhibit A are our unaudited financial statements as of March 31, 2025.

22. CONTRACTS

Attached as **Exhibit B** is the Mainstream Franchise Agreement, including the State Addenda to the Franchise Agreement. Attached as **Exhibit E** is the State Addenda, including the Form Release of Claims. Attached as **Exhibit G** is the Development Agreement. Attached as **Exhibit H** are the Incentive Addenda.

23. RECEIPTS

A detachable acknowledgment of receipt is attached to this disclosure document as **Exhibit I**.

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A: FINANCIAL STATEMENTS

MAINSTREAM FASHIONS FRANCHISING, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

MAINSTREAM FASHIONS FRANCHISING, INC.

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December 31, 2025 and 2024

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CUMMINGS KEEGAN CPAs & Advisors
cummingskeegan.com
952.345.2500
600 S Highway 169, Suite 1400, St. Louis Park, MN 55426

INDEPENDENT AUDITOR'S REPORT

Stockholder and Board of Directors
Mainstream Fashions Franchising, Inc.
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Mainstream Fashions Franchising, Inc., (a Minnesota S corporation) which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mainstream Fashions Franchising, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainstream Fashions Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mainstream Fashions Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainstream Fashions Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cummings, Keegan & Co., P.L.L.P.

May 15, 2026
St. Louis Park, Minnesota

MAINSTREAM FASHIONS FRANCHISING, INC.

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Current assets		
Cash and cash equivalents	$ 109,979	$ 50,732
Accounts and other receivables, net of allowance for credit losses of $15,000 for 2025 and $94,700 for 2024	284,067	308,452
Due from related parties	363,856	546,381
Prepaid expenses	1,501	64,975
Total current assets	759,403	970,540
Property and equipment, net of accumulated depreciation	89,022	106,094
Operating lease ROU asset, net of accumulated amortization	357,464	425,288
Prepaid commissions	150,231	202,945
Total other assets	596,717	734,327
Total assets	$ 1,356,120	$ 1,704,867

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

BALANCE SHEETS
DECEMBER 31, 2025 AND 2024
(Continued)

LIABILITIES AND STOCKHOLDER'S EQUITY

	2025	2024
Current liabilities		
Accounts payable	$ 160,989	$ 89,518
Accrued liabilities	90,946	108,059
Current portion of deferred revenue	61,185	74,628
Due to related parties	-	150,000
Current portion of long term-debt	59,317	31,237
Current portion of operating lease liability	74,070	72,176
Total current liabilities	446,507	525,618
Long-term liabilities		
Deferred revenue, net of current portion	166,103	189,045
Long-term debt, net of current portion	604,219	502,670
Operating lease liability, net of current portion	308,644	382,714
Total long-term liabilities	1,078,966	1,074,429
Total liabilities	1,525,473	1,600,047
Stockholder's equity		
Common stock, $.01 par value, 1,000,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	31,263	31,263
Retained earnings	(200,626)	73,547
Total stockholder's equity	(169,353)	104,820
Total liabilities and stockholder's equity	$ 1,356,120	$ 1,704,867

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenues		
Continuing franchise fees	$ 1,854,901	$ 2,017,452
Initial franchise fees, and other	169,570	215,339
Coop rebates and marketing	41,000	175,000
Marketing fees	123,662	146,093
Total revenues	2,189,133	2,553,884
Operating expenses		
Payroll and related expenses	1,460,409	1,587,367
Office expenses	343,582	724,360
Professional fees	300,677	375,892
Marketing	109,706	205,149
Rent and insurance	215,022	205,425
Depreciation	26,321	34,934
Total operating expenses	2,455,717	3,133,127
Operating loss	(266,584)	(579,243)
Other income (expense)		
Other income	50,000	-
Interest expense	(55,093)	(31,044)
State fees and other taxes	(2,496)	67,237
Total other income (expenses)	(7,589)	36,193
Net loss	$ (274,173)	$ (543,050)

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Number of Shares Issued	Par Value	Additional Paid-in Capital	Retained Earnings
Balance, December 31, 2023	1,000	$ 10	$ 31,263	$ 616,597
Net loss	-	-	-	(543,050)
Balance, December 31, 2024	1,000	10	31,263	73,547
Net loss	-	-	-	(274,173)
Balance, December 31, 2025	1,000	$ 10	$ 31,263	$ (200,626)

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Net loss	$ (274,173)	$ (543,050)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	26,321	34,934
Noncash lease expense	(4,352)	(2,254)
Net changes in assets and liabilities:		
Accounts and other receivables	24,384	48,835
Prepaid expenses	116,188	2,727
Accounts payable	71,471	57,835
Accrued expenses	(17,114)	(15,211)
Deferred revenue	(36,385)	25,522
Net cash used in operating activities	(93,660)	(390,662)
Cash flows from investing activities:		
Purchase of fixed assets	(9,249)	-
Net change in related party debt	182,527	214,718
Net cash provided by investing activities	173,278	214,718
Cash flows from financing activities:		
Proceeds (payments) on long-term debt	(20,371)	133,861
Net cash provided by (used in) financing activities	(20,371)	133,861
Net change in cash	59,247	(42,083)
Cash – beginning of year	50,732	92,815
Cash – end of year	$ 109,979	$ 50,732

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Continued)

	2025	2024
Supplemental disclosure of cash flow information:		
Interest paid	$ 55,093	$ 31,044

See Independent Auditor's Report and Notes to Financial Statements.

1. Summary of Significant Accounting Policies

Nature of Business - Mainstream Fashions Franchising, Inc. (the Company) is a wholly owned subsidiary of Mainstream Fashions, Inc. (the Parent) and franchises retail clothing sales operations throughout the United States.

Business Activity - The Company, as franchisor, has a ten-year franchise agreement with its franchisees. The agreement licenses others to operate a Mainstream Fashions™ clothing business. Initial franchise fees are recorded as income on the date the franchise agreement is executed. Franchise royalty revenues are based on franchisees' sales and are recognized as earned.

Each franchisee has the right to exclusive territory as identified in their agreement. At the end of the franchise term, the franchisee shall have the right to renew the franchise for its territory for the subsequent ten-year term.

In addition to the initial franchise fee, each franchisee pays weekly fees, based on their respective agreements, of 7.0%, or 7.5% of the franchisee's weekly net revenues.

There were two new franchises licensed in 2025. As of December 31, 2025, the Company had 56 franchise agreements in 16 states.

Revenue Recognition - The Company sells fashion store franchises. The Company's revenues can best be disaggregated into the following areas: *Continuing Franchise Fees, Initial Franchise Fees and Other, Coop Rebates and Marketing* and *Marketing Fees*. Disaggregation can impact the nature, amount, timing, and uncertainty of revenue and cash flows, since certain pre-opening services are distinct from the franchise license and therefore recognition is dependent on performance obligations and points in time.

Continuing Franchise Fees
The Company collects weekly fees from the franchisees in the amount of 7.0% - 7.5% of weekly net revenue. These amounts are recognized at the date at which the fees are irrevocably earned by the Company in accordance with the terms of its franchise agreement.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - (continued)

Initial Franchise Fees and Other
Initial franchise fees and other, includes the initial franchise fees, as well as renewal, transfers, and termination fees with the franchisees.

Revenues from initial franchise fees are recorded as income over the term of the franchise agreement. Revenue is recorded at the earliest date of completion of franchisee training and the opening of a location in accordance with the terms of its franchise agreement, fulfilling the performance obligations within the contract. The Company provides franchisees all rights and trademarks to be a franchisee, and all related legal fees to execute the new franchise agreement, as well as pre-opening training services required to operate a successful franchise, and assistance with store site selection via a commercial broker, and lease negotiations with the store's landlord. The apportioned value of these pre-opening services is recognized in the year provided.

Initial franchise fees collected but not yet earned will be recorded as deferred revenue, and recognized over the term of the franchise agreement. Provisions for discounts to customers, broker and referral fees, and other adjustments are provided for in the same period as the related sales are recognized and are based upon the Company's judgement.

Renewal fees are recognized at the expiration of the original franchise agreement and the signing of a new agreement, and at the Company's discretion.

Transfer fees are recognized upon the sale of a franchisee to a new owner, and with the approval of the transfer by the Company.

Termination fees are recognized in full upon the execution of a termination agreement with the exiting franchisee according to the terms of the original franchise agreement.

Coop Rebates and Marketing
The Company provides advertising/marketing for some of its related party entities. The entities are charged a fee determined based on their share of expenses. These amounts are recognized when constructively received.

Marketing Fees
The Company collects weekly fees from the franchisees in the amount of 0.5% of gross sales. These amounts relate to the shared marketing effort made by the Company which benefits the franchisees. These amounts are recognized at the date at which the fees are irrevocably earned by the Company in accordance with the terms of its franchise agreement.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - (continued)

Receivables and contract balances from contracts with customers as of January 1, 2024, were as follows:

Trade Receivables, net	$	161,669
Prepaid Commission Expense	$	52,714
Deferred Revenue	$	238,151

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

Accounts Receivable - The Company extends unsecured credit to franchisees in the normal course of business. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered delinquent when 90 days past due. The Company does not generally require collateral on accounts receivable and the Company investigates customer credit history prior to granting credit and has experienced minimal credit losses historically. The Company uses the allowance method to account for credit losses. The Company expects most of its accounts receivable to be fully collectible; accordingly, a current expected credit loss of $15,000 has been applied to reflect the balance not expected to be collected. If amounts become uncollectible, an allowance is established and related charge to operations when that determination is made. Credit loss expense totaled $14,551 and $49,966 for the years ended December 31, 2025 and 2024, respectively.

Other Receivables - The Company resolved several legal disputes as discussed in Note 8, of which resulted in a settlement receivable for the years ended December 31, 2025 and 2024, respectively. The Company also recognized a receivable of approximately $38,600 as of December 31, 2025, related to refundable payroll tax credits associated with paid sick and family leave under the American Rescue Plan Act of 2021. These credits are intended to reimburse employers for qualified leave wages paid to employees in accordance with the provisions of the Act. The Company has filed or intends to file the required employment tax returns to claim the credits and expects full recovery within one year. Accordingly, the receivable is classified as current. Management has evaluated the collectability of the receivable and determined that no allowance is necessary as of the balance sheet date related to this receivable.

1. Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment are capitalized at cost. When an asset is sold or retired, its cost and related accumulated depreciation are removed from the accounts and any gain or loss from disposition is reflected in the statement of operations. Depreciation is provided for by using straight-line basis over the expected useful lives of assets and accelerated method. Construction in process represents items not yet placed in service, and therefore, are not depreciated until being placed into service.

Property and equipment as of December 31, 2025 and 2024, consisted of the following:

	2025	2024	Expected Life (Years)
Office equipment	$ 312,110	$ 302,859	3 - 7
Vehicles	77,563	77,563	5
Leasehold improvements	273,040	231,980	Life of lease
Construction in process	-	41,060	N/A
Total	662,713	653,462	
Less: Accumulated depreciation	(573,691)	(547,368)	
Property and equipment, net	$ 89,022	$ 106,094	

Impairment of Long-Lived Assets - Long-lived assets, primarily equipment and leasehold improvements, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, management would determine whether the carrying value exceeds expected undiscounted cash flows resulting from the use of the assets. If so, impairment losses may be recognized if the asset's carrying amount exceeds its fair value. Management determined no impairment charges were required for the years ended December 31, 2025 or 2024.

Leases - Refer to Note 3 for information on the Company's operating lease policies.

1. Summary of Significant Accounting Policies (continued)

Advertising - The Company expenses advertising costs as they are incurred. Advertising expense totaled approximately $109,706 and $205,149 for the years ended December 31, 2025 and 2024, respectively.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Company, with the consent of its stockholder, has elected to be an "S" corporation under Internal Revenue Code Section 1362 and similar state law. Instead of paying corporate income taxes, the stockholder is taxed individually on the Company's taxable income. The Company files a consolidated tax return with the Parent.

2. Related Party Transactions

The Company has entered into agreements with various separate entities which Mainstream Fashions Franchising, Inc. assisted in funding. There were $363,856 and $546,381 due from the related entities for the years ended December 31, 2025 and 2024, respectively.

During 2022, the related parties renewed the existing agreement with bank for advances under a revolving line of credit of up to $150,000. The line is secured by the Company's assets, collateralization responsibilities are shared by the related parties and expires December 2025. The related parties did not renew the line of credit at the end of the expiration but entered into a new agreement with the bank converting the line of credit into a note payable maturing in 2030. The formal agreement documenting the conversion was completed in March of 2026. As of December 31, 2025, $150,000 was due on the line of credit and the converted note payable. As of December 31, 2024, no amount was due to the lapse of the line of credit.

3. Lease

The Company has a lease agreement that began May 1, 2020. The lease requires increasing payments of $5,764 to $6,637 from inception through the expiration date of December 31, 2025. However, an option to renew the terms exists, which allows the Company to provide advance written notice and arrive at an agreed upon market-based rental rate for an additional 5 years. Management has determined they are reasonably certain they will exercise the renewal option. Therefore, an expiration date of December 31, 2030, is recognized as part of the right of use asset ("ROU"). In addition to the monthly rental payments, the Company pays all insurance, repairs and maintenance, utilities, and certain other expenses.

The following is for the Company's operating lease for the years ending December 31:

Lease expense	2025	2024
Operating lease expense	$ 74,598	$ 74,598
Variable lease expense	144,775	128,376
Total lease expense	$ 219,373	$ 202,974
Other information		
Operating cash flows from operating leases	$ 78,949	$ 76,853
ROU assets obtained in exchange for new operating leases liabilities	$ -	$ -
Weighted-average remaining term in years	5	6
Weighted-average discount rate (%)	1.63%	1.63%

Maturity Analysis	
2026	$ 79,648
2027	79,648
2028	79,648
2029	79,648
2030	79,648
Total undiscounted cash flows	398,240
Less: present value discount	(15,526)
Total operating lease liability	$ 382,714

4. Long-Term Debt

	2025	2024
Note payable - due in monthly installments of $2,913 until December 2030. The note bears interest at 6.10%. The note is secured by all the Company assets.	$ 150,000	$ -
Small Business Administration Economic Injury Disaster Loans – due in monthly installments of $2,517 as amended in April 2021. Payments are deferred for twelve months after receipt of funds, while interest accrues. The loan bears interest of 3.75%. The loan was assigned to Mainstream Fashions Inc.	479,600	491,608
Note payable – due in monthly installments of $944 until May 2029. The note bears interest at 7.69%. The note is secured by a vehicle.	33,936	42,299
Total	663,536	533,907
Less current portion	(59,317)	(31,237)
Long-term debt	$ 604,219	$ 502,670

The following is a schedule summarizing approximate principal payments due on long-term notes for the year ending December 31:

2026	$ 59,193
2027	62,498
2028	66,122
2029	63,174
Thereafter	412,548
	$ 663,535

5. Income Tax

Management has evaluated its tax positions in accordance with Accounting Standards Codification 740 and believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded. The Company would report any accrued interest and penalties related to unrecognized tax benefits as income tax expense.

The Parent files consolidated income tax returns in the U.S. federal jurisdiction, the State of Minnesota and various other states. With few exceptions, the Parent and the Company are no longer subject to income tax examinations by the United States federal, state or local tax authorities.

6. Retirement Plan

The Company has a 408(p) plan for all eligible employees. The Company will match employee contributions up to a maximum of 3% of employee compensation. Employees are allowed to contribute up to 100% of compensation to the plan up to the annual maximum allowed. For the years ended December 31, 2025 and 2024, employer contributions were approximately $30,000, for each year.

7. Concentrations

The Company has a concentration of credit risk for the year ended December 31, 2025, from one franchisee as a result of continuing or initial franchisee fees. Accounts receivable from this franchisee as a percentage of total accounts receivable for the year ended December 31, 2025, totaled approximately 25%. The Company had two concentrations of credit risk for the year ended December 31, 2024, accounts receivable from these franchisees as a percentage of total accounts receivable totaled approximately 24%.

8. Litigation

In March 2022, the Company and a former franchisee reached a settlement under the Franchise Agreement. The former franchisee is to make consecutive monthly payments until paid in full beginning April 2022, until February 2026.

The Company is involved in various legal actions and claims arising in the normal course of business. Although management of the Company cannot predict the ultimate outcome of these legal proceedings with certainty, it believes, after taking into consideration legal counsel's evaluation of such actions, the ultimate resolution of the Company's legal proceedings will not have a material effect on the Company's financial statements.

In January 2025, the Company received notice of an arbitration decision awarding damages in connection with a dispute related to the termination of a franchise agreement. The former franchisee is to make consecutive monthly payments until paid in full beginning April 2025, until April 2030.

9. Subsequent Event

The Company has evaluated subsequent events through May 15, 2026, which is the date the financial statements were available to be issued.

MAINSTREAM FASHIONS FRANCHISING, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

MAINSTREAM FASHIONS FRANCHISING, INC.

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December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Stockholder and Board of Directors
Mainstream Fashions Franchising, Inc.
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Mainstream Fashions Franchising, Inc., (a Minnesota S corporation) which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mainstream Fashions Franchising, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainstream Fashions Franchising, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mainstream Fashions Franchising, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainstream Fashions Franchising, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cummings, Keegan & Co., P.L.L.P.

March 31, 2025
St. Louis Park, Minnesota

MAINSTREAM FASHIONS FRANCHISING, INC.

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Current assets		
Cash and cash equivalents	$ 50,732	$ 92,815
Accounts and other receivables, net of allowance for credit losses of $94,700 for 2024 and $9,500 for 2023	308,452	343,881
Due from related parties	546,381	761,101
Prepaid commissions expense, current portion	-	52,714
Prepaid expenses	64,975	14,988
Total current assets	970,540	1,265,499
Property and equipment, net of accumulated depreciation	106,094	141,029
Operating lease ROU asset, net of accumulated amortization	425,288	491,962
Prepaid commissions, net of current portion	202,945	202,945
Accounts and other receivables, net of current portion	-	13,404
Total assets	$ 1,704,867	$ 2,114,839

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Continued)

LIABILITIES AND STOCKHOLDER'S EQUITY

	2024	2023
Current liabilities		
Accounts payable	$ 89,518	$ 31,685
Accrued liabilities	108,059	123,269
Current portion of deferred revenue	74,628	111,501
Due to related parties	150,000	-
Current portion of long term-debt	31,237	29,779
Current portion of operating lease liability	72,176	68,929
Total current liabilities	525,618	365,163
Long-term liabilities		
Deferred revenue, net of current portion	189,045	126,650
Long-term debt, net of current portion	502,670	520,267
Operating lease liability, net of current portion	382,714	454,889
Total long-term liabilities	1,074,429	1,101,806
Total liabilities	1,600,047	1,466,969
Stockholder's equity		
Common stock, $.01 par value, 1,000,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	31,263	31,263
Retained earnings	73,547	616,597
Total stockholder's equity	104,820	647,870
Total liabilities and stockholder's equity	$ 1,704,867	$ 2,114,839

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Revenues		
Continuing franchise fees	$ 2,017,452	$ 2,221,085
Initial franchise fees, and other	215,339	194,100
Coop rebates and marketing	175,000	275,000
Marketing fees	146,093	168,243
Total revenues	2,553,884	2,858,428
Operating expenses		
Payroll and related expenses	1,587,367	1,628,544
Office expenses	724,360	656,837
Professional fees	375,892	314,458
Marketing	205,149	236,046
Rent and insurance	205,425	202,905
Depreciation	34,934	36,972
Total operating expenses	3,133,127	3,075,762
Operating loss	(579,243)	(217,334)
Other income (expense)		
Other income	-	150,000
Foreign exchange loss	-	(252)
Gain on asset disposition	-	32,208
Gain on forgiveness of debt	-	9,127
Interest expense	(31,044)	(21,727)
State fees and other taxes	67,237	(10,298)
Total other income (expenses)	36,193	159,058
Net loss	$ (543,050)	$ (58,276)

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Number of Shares Issued	Par Value	Additional Paid-in Capital	Retained Earnings
Balance, January 1, 2023	1,000	$ 10	$ 31,263	$ 771,788
Net loss	-	-	-	(58,276)
Stockholder's distributions	-	-	-	(96,915)
Balance, December 31, 2023	1,000	10	31,263	616,597
Net loss	-	-	-	(543,050)
Balance, December 31, 2024	1,000	$ 10	$ 31,263	$ 73,547

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Net loss	$ (543,050)	$ (58,276)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	34,934	36,972
Gain on sale of asset	-	(32,208)
Noncash lease expense	(2,254)	(30,238)
Net changes in assets and liabilities:		
Accounts and other receivables	48,835	(161,093)
Prepaid expenses	2,727	48,879
Accounts payable	57,835	(8,626)
Accrued expenses	(15,211)	(59,234)
Deferred revenue	25,522	(126,100)
Net cash used in operating activities	(390,662)	(389,924)
Cash flows used in investing activities:		
Purchase of fixed assets	-	7,035
Net change in related party debt	214,718	343,083
Net cash provided by investing activities	214,718	350,118
Cash flows from financing activities:		
Payments on long-term debt	133,861	(33,791)
Distributions	-	(96,915)
Net cash provided by (used in) financing activities	133,861	(130,706)
Net change in cash	(42,083)	(170,512)
Cash – beginning of year	92,815	263,327
Cash – end of year	$ 50,732	$ 92,815

See Independent Auditor's Report and Notes to Financial Statements.

MAINSTREAM FASHIONS FRANCHISING, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Continued)

	2024	2023
Supplemental disclosure of cash flow information:		
Interest paid	$ 31,044	$ 21,727
Financed vehicle	$ -	$ 75,000
Vehicle traded-in	$ -	$ 37,500

See Independent Auditor's Report and Notes to Financial Statements.

1. Summary of Significant Accounting Policies

Nature of Business - Mainstream Fashions Franchising, Inc. (the Company) is a wholly owned subsidiary of Mainstream Fashions, Inc. (the Parent) and franchises retail clothing sales operations throughout the United States.

Business Activity - The Company, as franchisor, has a ten-year franchise agreement with its franchisees. The agreement licenses others to operate a Mainstream Fashions™ clothing business. Initial franchise fees are recorded as income on the date the franchise agreement is executed. Franchise royalty revenues are based on franchisees' sales and are recognized as earned.

Each franchisee has the right to exclusive territory as identified in their agreement. At the end of the franchise term, the franchisee shall have the right to renew the franchise for its territory for the subsequent ten-year term.

In addition to the initial franchise fee, each franchisee pays weekly fees, based on their respective agreements, of 7.5%, or 8% of the franchisee's weekly net revenues.

There was one new franchise licensed in 2024. As of December 31, 2024, the Company had 58 franchise agreements in 20 states.

Revenue Recognition - The Company sells fashion store franchises. The Company's revenues can best be disaggregated into the following areas: *Continuing Franchise Fees, Initial Franchise Fees and Other, Coop Rebates and Marketing* and *Marketing Fees*. Disaggregation can impact the nature, amount, timing, and uncertainty of revenue and cash flows, since certain pre-opening services are distinct from the franchise license and therefore recognition is dependent on performance obligations and points in time.

Continuing Franchise Fees
The Company collects weekly fees from the franchisees in the amount of 7.0% - 7.5% of gross sales. These amounts are recognized at the date at which the fees are irrevocably earned by the Company in accordance with the terms of its franchise agreement.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - (continued)

Initial Franchise Fees and Other
Initial franchise fees and other, includes the initial franchise fees, as well as renewal, transfers, and termination fees with the franchisees.

Revenues from initial franchise fees are recorded as income over the term of the franchise agreement. Revenue is recorded at the earliest date of completion of franchisee training and the opening of a location in accordance with the terms of its franchise agreement, fulfilling the performance obligations within the contract. The Company provides franchisees all rights and trademarks to be a franchisee, and all related legal fees to execute the new franchise agreement, as well as pre-opening training services required to operate a successful franchise, and assistance with store site selection via a commercial broker, and lease negotiations with the store's landlord. The apportioned value of these pre-opening services is recognized in the year provided.

Initial franchise fees collected but not yet earned will be recorded as deferred revenue, and recognized over the term of the franchise agreement. Provisions for discounts to customers, broker and referral fees, and other adjustments are provided for in the same period as the related sales are recognized and are based upon the Company's judgement.

Renewal fees are recognized at the expiration of the original franchise agreement and the signing of a new agreement, and at the Company's discretion.

Transfer fees are recognized upon the sale of a franchisee to a new owner, and with the approval of the transfer by the Company.

Termination fees are recognized in full upon the execution of a termination agreement with the exiting franchisee according to the terms of the original franchise agreement.

Coop Rebates and Marketing
The Company provides advertising/marketing for some of its related party entities. The entities are charged a fee determined based on their share of expenses. These amounts are recognized when constructively received.

Marketing Fees
The Company collects weekly fees from the franchisees in the amount of 0.5% of gross sales. These amounts relate to the shared marketing effort made by the Company which benefits the franchisees. These amounts are recognized at the date at which the fees are irrevocably earned by the Company in accordance with the terms of its franchise agreement.

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition - (continued)

Receivables and contract balances from contracts with customers as of January 1, 2023, were as follows:

Trade Receivables, net	$	158,653
Prepaid Commission Expense	$	52,714
Deferred Revenue	$	364,251

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be a cash equivalent.

Accounts Receivable - The Company extends unsecured credit to franchisees in the normal course of business. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances are considered delinquent when 90 days past due. The Company does not generally require collateral on accounts receivable and the Company investigates customer credit history prior to granting credit and has experienced minimal credit losses historically. The Company uses the allowance method to account for credit losses. The Company most of its accounts receivable to be fully collectible; accordingly, a current expected credit loss of $19,100 has been applied to reflect the balance not expected to be collected. If amounts become uncollectible, an exposure is established and related charge to operations when that determination is made. Credit loss expense totaled $49,966 and $19,842 for the years ended December 31, 2024 and 2023, respectively.

Other Receivables - The Company resolved several legal disputes as discussed in Note 8, of which resulted in a settlement receivable for the years ended December 31, 2024 and 2023, respectively. The Company also recognized a receivable of approximately $71,300 as of December 31, 2024, related to refundable payroll tax credits associated with paid sick and family leave under the American Rescue Plan Act of 2021. These credits are intended to reimburse employers for qualified leave wages paid to employees in accordance with the provisions of the Act. The Company has filed or intends to file the required employment tax returns to claim the credits and expects full recovery within one year. Accordingly, the receivable is classified as current. Management has evaluated the collectability of the receivable and determined that no allowance is necessary as of the balance sheet date related to this receivable.

1. Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment are capitalized at cost. When an asset is sold or retired, its cost and related accumulated depreciation are removed from the accounts and any gain or loss from disposition is reflected in the statement of operations. Depreciation is provided for by using straight-line basis over the expected useful lives of assets and accelerated method. Construction in process are items not yet placed in service, and therefore, are not depreciated until being placed into service.

Property and equipment as of December 31, 2024 and 2023, consisted of the following:

	2024	2023	Expected Life (Years)
Office equipment	$ 302,859	$ 302,859	3 - 7
Vehicles	77,563	77,563	5
Leasehold improvements	273,040	231,981	Life of lease
Construction in process	-	41,060	N/A
Total	653,462	653,463	
Less: Accumulated depreciation	(547,368)	(512,434)	
Property and equipment, net	$ 106,094	$ 141,029	

Impairment of Long-Lived Assets - Long-lived assets, primarily equipment and leasehold improvements, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, management would determine whether the carrying value exceeds expected undiscounted cash flows resulting from the use of the assets. If so, impairment losses may be recognized if the asset's carrying amount exceeds its fair value. Management determined no impairment charges were required for the years ended December 31, 2024 or 2023.

Leases - Refer to the Recently Adopted Accounting Pronouncements below in Note 1 and Note 3 for information on the Company's operating lease policies.

1. Summary of Significant Accounting Policies (continued)

Advertising - The Company expenses advertising costs as they are incurred. Advertising expense totaled approximately $205,149 and $236,046 for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Company, with the consent of its stockholder, has elected to be an "S" corporation under Internal Revenue Code Section 1362 and similar state law. Instead of paying corporate income taxes, the stockholder is taxed individually on the Company's taxable income. The Company files a consolidated tax return with the Parent.

Recently Adopted Accounting Pronouncements - At the beginning of 2023, the Company adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

2. Related Party Transactions

The Company has entered into agreements with various separate entities which Mainstream Fashions Franchising, Inc. assisted in funding. There were $546,381 and $761,101 due from the related entities for the years ended December 31, 2024 and 2023, respectively.

During 2022, the related parties renewed the existing agreement with its bank for advances under a revolving line of credit of up to $150,000. The line is secured by the Company's assets, collateralization responsibilities are shared by the related parties and expires December 2025. The related parties did not renew before the expiration date of the line of credit but are working with the bank to renew with the same terms and amounts as before. As of December 31, 2024, $150,000 was due on the line of credit and on December 31, 2023, no amount was due to the lapse of the line of credit..

3. Lease

The Company has a lease agreement that began May 1, 2020. The lease requires increasing payments of $5,764 to $6,637 from inception through the expiration date of December 31, 2025. However, an option to renew the terms exists, which allows the Company to provide advance written notice and arrive at an agreed upon market base rental rate for an additional 5 years. Management has determined they are reasonably certain they will exercise the renewal option. Therefore, an expiration date of December 31, 2030, is recognized as part of the right of use asset ("ROU"). In addition to the monthly rental payments, the Company pays all insurance, repairs and maintenance, utilities, and certain other expenses.

The following is for the Company's operating lease for the years ending December 31:

Lease expense	2024	2023
Operating lease expense	$ 74,598	$ 74,598
Variable lease expense	128,376	120,552
Total lease expense	$ 202,974	$ 195,150
Other information		
Operating cash flows from operating leases	$ 76,853	$ 74,757
ROU assets obtained in exchange for new operating leases liabilities	$ -	$ -
Weighted-average remaining term in years	6	7
Weighted-average discount rate (%)	1.63%	1.63%

Maturity Analysis	
2025	$ 78,949
2026	79,648
2027	79,648
2028	79,648
2029	79,648
Thereafter	79,648
Total undiscounted cash flows	477,189
Less: present value discount	(22,300)
Total operating lease liability	$ 454,889

4. Long-Term Debt

	2024	2023
Note payable - due in monthly installments of $669 until January 2025. The note bears interest at 7.99%. The note is secured by a vehicle and was fully paid in 2023.	$ -	$ -
Small Business Administration Economic Injury Disaster Loans – due in monthly installments of $2,517 as amended in April 2021. Payments are deferred for twelve months after receipt of funds, while interest accrues. The loan bears interest of 3.75%. The loan was assigned to Mainstream Fashions Inc.	491,608	500,000
Note payable – due in monthly installments of $944 until May 2029. The note bears interest at 7.69%. The note is secured by a vehicle.	42,299	50,046
Total	533,907	550,046
Less current portion	(31,237)	(29,779)
Long-term debt	$ 502,670	$ 520,267

The following is a schedule summarizing approximate principal payments due on long-term notes for the year ending December 31:

2025	$ 31,237
2026	32,777
2027	34,402
2028	36,119
2029	31,195
Thereafter	368,177
	$ 533,907

5. Income Tax

Management has evaluated its tax positions in accordance with Accounting Standards Codification 740 and believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded. The Company would report any accrued interest and penalties related to unrecognized tax benefits as income tax expense.

The Parent files consolidated income tax returns in the U.S. federal jurisdiction, the State of Minnesota and various other states. With few exceptions, the Parent and the Company are no longer subject to income tax examinations by the United States federal, state or local tax authorities.

6. Retirement Plan

The Company has a 408(p) plan for all eligible employees. The Company will match employee contributions up to a maximum of 3% of employee compensation. Employees are allowed to contribute up to 100% of compensation to the plan up to the annual maximum allowed. For the years ended December 31, 2024 and 2023, employer contributions were approximately $30,000, for each year.

7. Concentrations

The Company has a concentration of credit risk for the year ended December 31, 2024, from two franchisee as a result of continuing or initial franchisee fees. Accounts receivable from this franchisee as a percentage of total accounts receivable for the year ended December 31, 2024, totaled approximately 25%. The Company had one concentration of credit risk for the year ended December 31, 2023, accounts receivable from this franchisee as a percentage of total accounts receivable totaled approximately 11%.

8. Litigation

In March 2022, the Company and a former franchisee reached a settlement under the Franchise Agreement. The former franchisee is to make consecutive monthly payments until paid in full beginning April 2022, until February 2026.

The Company is involved in various legal actions and claims arising in the normal course of business. Although management of the Company cannot predict ultimate outcome of these legal proceedings with certainty, it believes, after taking into consideration legal counsel's evaluation of such actions, the ultimate resolution of the Company's legal proceedings will not have a material effect on the Company's financial statements.

9. Subsequent Event

The Company has evaluated subsequent events through March 31, 2025, which is the date the statements were available to be issued.

On January 2, 2025, the Company received notice of an arbitration decision awarding damages of $20,000 in connection with a dispute related to the termination of a franchise agreement. The event occurred after the balance sheet date of December 31, 2024, and did not relate to conditions that existed as of that date. As such, the financial statements do not reflect any adjustment for this matter. Management has evaluated the impact and determined that no further disclosure or recognition is necessary.

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT WITHOUT AN AUDIT OR REVIEW. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED OR REVIEWED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Mainstream Fashions Franchising, Inc.

Profit and Loss

January - March, 2026

	Jan - Mar, 2026
Income	
4000 Royalties + Ad Fund	434,878
Initial fees, net	10,000
Total Income	**444,878**
Gross Profit	**444,878**
Total Expenses	**477,728**
Net Operating Income	**(32,850)**
Other Expenses	
9100 Depreciation Expense	6,170
9200 Interest (Inc) exp, net	13,844
Total Other Expenses	**20,014**
Net Income	**(52,864)**

Friday, May 15, 2026 02:39:08 PM GMT-7 - Accrual Basis

Mainstream Fashions Franchising, Inc.

Balance Sheet as of March 31, 2026

	as of March 31, 2026 (unaudited)
Cash & cash equivalents	$ 60,785
Accounts and other receivables	314,009
Due from related parties	349,548
Prepaid expenses	600
Total current assets	724,942
Property and equipment, net	82,854
Operating lease ROU asset, net of accumulated amortization	283,394
Prepaid commissions	150,231
Total other assets	516,479
Total assets	$ 1,241,422
	-
Accounts payable	$ 166,545
Accrued liabilities	109,331
Deferred revenue	227,288
Long-term debt	651,828
Operating lease liability	308,644
Total liabilities	1,463,637
Common stock	10
Additional paid-in capital	31,263
Retained earnings	(253,488)
Total stockholder's equity	(222,215)
Total liabilities and stockholder's equity	$ 1,241,422
	-

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B: FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

BETWEEN

MAINSTREAM FASHIONS FRANCHISING, INC.
7900 International Drive, Suite 515
Minneapolis, Minnesota 55425

AND

Name(s) of **FRANCHISEE**

_____

_____

_____

_____

_____
Business Address

_____
City State Zip Code

_____
Area Code Telephone

RETAIL LOCATION:

_____

_____

DATE OF FRANCHISE AGREEMENT:

_____, 20___

MAINSTREAM BOUTIQUE®

FRANCHISE AGREEMENT

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MAINSTREAM BOUTIQUE®

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "Agreement") is made, entered into and effective this _____ day of _____, 20__, by and between Mainstream Fashions Franchising, Inc., a Minnesota corporation ("MAINSTREAM"), and _____ _____ ("FRANCHISEE");

BACKGROUND AND ACKNOWLEDGMENTS

A. MAINSTREAM has developed and owns a distinctive business system for operating retail clothing businesses of a distinctive character with the name "Mainstream Boutique®" through direct sales and retail location (the "Business System" or the "Mainstream Boutique Business System") and has publicized the name "Mainstream Boutique®," and other trademarks, trade names, service marks and commercial symbols to the public as an organization of retail clothing businesses operating under the Mainstream Boutique Business System; and

B. MAINSTREAM is the owner of the name "Mainstream Boutique®" and certain other trademarks, trade names, service marks, logos and commercial symbols (the "Marks") for use in connection with retail clothing businesses operated in conformity with the Business System; and

C. FRANCHISEE desires to operate a Mainstream Boutique® retail clothing business which will conform to the uniformity requirements and quality standards established and promulgated from time to time by MAINSTREAM; and

D. FRANCHISEE acknowledges that it would take substantial capital and human resources to develop a business similar to the Mainstream Boutique® business and, as a consequence, FRANCHISEE desires to acquire the right to use the Marks and the Business System and to own and operate a Mainstream Boutique® business subject to and under the terms and conditions set forth in this Agreement; and

E. FRANCHISEE has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by legal counsel or another adviser, and has had sufficient time to evaluate and investigate the Mainstream Boutique Business System, the financial investment requirements and the business risks associated with owning and operating a Mainstream Boutique® business.

AGREEMENTS

In consideration of the promises and covenants set forth in this Agreement and for other good and valuable consideration, MAINSTREAM and FRANCHISEE hereby agree as follows:

ARTICLE 1
GRANT OF FRANCHISE; DESIGNATED TERRITORY AND ACCOUNTS

1.1 GRANT OF FRANCHISE. MAINSTREAM hereby grants to FRANCHISEE a nonexclusive personal right to operate one Mainstream Boutique® business in conformity with the Mainstream Boutique Business System using the name "Mainstream Boutique®" and other Marks designated by MAINSTREAM through direct sales and from one (1) retail business location (as described in Article 1.2) in the Designated Territory (as described in Article 1.3) (collectively, the "Mainstream Boutique Business" or the "Business"). FRANCHISEE will only sell approved goods and services to FRANCHISEE's retail customers at Shows, as defined in Article 23, or at the retail business location, as defined in 1.2.

FRANCHISEE does not have the right to sell the approved goods and services using the Marks through any other channels of distribution, including the internet (or any other existing or future forms of e-commerce), email marketing, or digital marketing except in conformance with Section 6.25 of this Agreement.

1.2 RETAIL LOCATION FACILITY. The retail location of FRANCHISEE's Business is identified in Exhibit A ("Retail Location"), or alternatively, MAINSTREAM and FRANCHISEE will complete and sign Alternative Exhibit A, in which MAINSTREAM and FRANCHISEE agree upon a geographic area in which the retail location will be established, subject to MAINSTREAM's written acceptance, within one hundred eighty (180) days after the date of this Agreement. The designation of the geographic area in Alternative Exhibit A does not confer any territorial rights upon FRANCHISEE, and MAINSTREAM and its affiliates have the right to operate and franchise other Mainstream Boutique® businesses within the designated area. Once MAINSTREAM consents to the retail location of the Business within the geographic area established in Alternative Exhibit A, however, FRANCHISOR and FRANCHISEE will sign Exhibit A and identify the Designated Territory (as defined below). FRANCHISEE will only sell approved goods and services from its Retail Location or directly to customers at Shows.

1.3 PROTECTED AREA AND NONEXCLUSIVITY. MAINSTREAM will designate a geographic area, identified on Exhibit A, which will be an area surrounding the Retail Location determined by MAINSTREAM which encompasses a residential population of approximately 100,000 people, but in no case encompassing a radius from the Retail Location of more than seven (7) miles ("Designated Territory"). Provided FRANCHISEE is in compliance with the terms of this Agreement, and except for the rights retained by MAINSTREAM in this Article, MAINSTREAM will not establish a full-service Mainstream Boutique® Business retail location or grant another Mainstream Boutique® franchisee the right to establish a Mainstream Boutique® Business retail location within the Designated Territory. MAINSTREAM retains the right to: (A) operate, or to grant other persons the right to operate, full-service Mainstream Boutique® Businesses at retail locations outside of the Designated Territory; (B) sell the goods and services authorized for sale at full-service Mainstream Boutique® Businesses under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution at any location; (C) sell the goods and services authorized for sale at full-service Mainstream Boutique® Businesses under the Marks through dissimilar channels of distribution, including by electronic means such as the internet and by websites established by MAINSTREAM; (D) operate, or to grant other persons the right to operate Mainstream Boutique® Businesses selling Mainstream Boutique® products and services to customers within and outside the Designated Territory through direct sales; (E) sell directly or indirectly products under the name "Mainstream Boutique®" or other Marks through other methods of distribution, including the internet (other existing or future forms of e-commerce), online retail platforms, email marketing, or digital marketing; (F) advertise the Mainstream Boutique Business System on the internet (or any other existing or future forms of e-commerce) including email marketing or other digital marketing, and to create, operate, maintain and modify or discontinue the use of a website using the Marks; and (G) grant other franchisees the right to use the name "Mainstream Boutique®," the other Marks and the Business System.

1.4 SHOWS AND PROTECTED ACCOUNTS. Provided that FRANCHISEE is in compliance with the provisions of this Agreement, FRANCHISEE may offer Shows, as defined in Article 23, at any physical location to any individual, corporation or entity, so long as the individual, corporation or other entity is not MAINSTREAM's or another Mainstream Boutique® franchisee's Protected Account (as defined in Article 23). Notwithstanding the provisions of this Article above, MAINSTREAM will, in its sole and absolute judgment, grant FRANCHISEE the right to maintain a Protected Account provided that FRANCHISEE has forwarded a Show sales report to notify MAINSTREAM of FRANCHISEE's request for Protected Account status. A Show, as defined in Article 23, booked by an individual customer rather than a corporation or other entity cannot be a Protected Account. In order to be granted and maintain the Protected Account status, FRANCHISEE's performance from the initial Show and each subsequent Show presented to the

Protected Account by FRANCHISEE must meet or exceed the performance criteria established on an annual basis by MAINSTREAM in writing. In order to ensure that Mainstream Boutique franchisees do not schedule a Show for the Protected Account of another Mainstream Boutique franchisee, FRANCHISEE is required to obtain the written approval of MAINSTREAM prior to scheduling a Show to be held at a commercial business location or at a regularly scheduled event or function, unless such Show is being scheduled for an existing Protected Account of FRANCHISEE. On a quarterly basis, MAINSTREAM will distribute to FRANCHISEE a list of FRANCHISEE's Protected Accounts. In the event of a dispute, MAINSTREAM's copy of FRANCHISEE's list of Protected Accounts shall be controlling in all respects.

1.5 PERSONAL LICENSE. FRANCHISEE will not have the right to franchise, subfranchise, license or sublicense its rights under this Agreement. FRANCHISEE will not assign or transfer its rights under this Agreement, except as specifically provided for in this Agreement.

1.6 MAINSTREAM'S RIGHT TO REJECT FRANCHISEE. MAINSTREAM will have the absolute, sole and unilateral right to reject FRANCHISEE and declare this Agreement null and void if (i) MAINSTREAM determines that any financial, personal or other information provided by FRANCHISEE to MAINSTREAM is materially false, misleading, incomplete or inaccurate or (ii) FRANCHISEE is not qualified or competent to properly operate the Mainstream Boutique Business because FRANCHISEE has not successfully completed MAINSTREAM's training program.

ARTICLE 2
TERM; FRANCHISEE'S OPTION TO RENEW FRANCHISE

2.1 TERM. The term of this Agreement and the license granted herein will be for ten (10) years, commencing on the date set forth on Page 1 of this Agreement. At the expiration of the initial term of this Agreement, FRANCHISEE will have the option to renew the franchise for the Business pursuant to Article 2.2 of this Agreement.

2.2 CONDITIONS TO RENEW. At the end of the initial term of this Agreement, FRANCHISEE will have the option to renew the franchise for one (1) additional ten (10)-year term, provided that the following conditions have been met: (A) FRANCHISEE has given MAINSTREAM written notice at least one hundred eighty (180) days prior to the end of the term of this Agreement of its commitment to renew the franchise; (B) during the term of this Agreement, FRANCHISEE has complied with all of the material terms and conditions of this Agreement and has complied with MAINSTREAM's material operating and quality standards and procedures; (C) all monetary obligations owed by FRANCHISEE to MAINSTREAM have been paid or satisfied prior to the end of the term of this Agreement, and have been timely met throughout the term of this Agreement; (D) FRANCHISEE has agreed, in writing, to make the reasonable capital expenditures necessary to modernize and upgrade the Retail Location premises, products, equipment, supplies and techniques used in FRANCHISEE's Mainstream Boutique Business so that FRANCHISEE's Business will reflect MAINSTREAM's then-current image; (E) FRANCHISEE has paid MAINSTREAM a renewal fee of Five Thousand Dollars ($5,000); and (F) FRANCHISEE agrees to execute and comply with the then-current standard Franchise Agreement being offered to new Franchisees by MAINSTREAM. FRANCHISEE will not be required to pay the Initial Fee, if any, specified in the then-current standard Franchise Agreement; however, FRANCHISEE will be required to pay the Continuing Fees (as defined in Article 4.2), Advertising Fund Contributions (as defined in Article 5.2) and any other fees or charges at the rates specified in the then-current standard Franchise Agreement, and must comply with all other terms and conditions of MAINSTREAM's then-current standard Franchise Agreement. FRANCHISEE acknowledges that the terms, conditions and economics of the then-current standard Franchise Agreement of MAINSTREAM may, at that time, vary in substance and form from the terms, conditions and economics of this Agreement.

ARTICLE 3
MAINSTREAM'S RIGHT TO LICENSE MARKS

3.1 LICENSE OF MARKS. MAINSTREAM owns all right, title and interest in and to the Mainstream Boutique® Mark and the other Marks and the Business System and the goodwill symbolized by them. Any and all improvements made by FRANCHISEE relating to the Marks or the Business System will become the sole and absolute property of MAINSTREAM who will have the sole and exclusive right to register and protect all such improvements in its name in accordance with applicable law. FRANCHISEE's license to use and identify with the Marks and the Business System will exist concurrently with the term of this Agreement and such use by FRANCHISEE will inure exclusively to the benefit of MAINSTREAM.

3.2 CONDITIONS TO LICENSE OF MARKS. FRANCHISEE agrees that its nonexclusive personal right to use the name Mainstream Boutique® as the name of FRANCHISEE's Business, and its right to use the Marks and the Business System, apply only to the Mainstream Boutique Business and Retail Location and only so long as FRANCHISEE will fully perform and comply with all of the conditions, terms and covenants of this Agreement. FRANCHISEE will not have or acquire any rights in any of the Marks or the Business System other than the right of use as provided herein. FRANCHISEE will have the right to use the Marks and the Business System only in the manner prescribed, directed and approved by MAINSTREAM in writing and will not have the right to use the Marks in connection with the sale of any goods or services other than those prescribed or approved by MAINSTREAM. Any and all goodwill associated with the Marks and the Business System will inure exclusively to MAINSTREAM's benefit and, upon the expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with FRANCHISEE's use of the Marks or the Business System. FRANCHISEE will at no time take any action whatsoever to contest the validity or ownership of the Marks and the goodwill associated therewith and will not allege any ownership in the Marks.

3.3 ADVERSE CLAIMS. If there is a claim by any party that its rights to the Marks are superior to those of MAINSTREAM and MAINSTREAM determines, in its sole judgment, that such claim may have merit, or if there is an adjudication by a court of competent jurisdiction that any party's rights to the Marks are superior to those of MAINSTREAM, then upon receiving written notice from MAINSTREAM, FRANCHISEE will, at its expense, immediately make all changes and amendments to the Marks as may be specified by MAINSTREAM. FRANCHISEE will not make any changes or amendments whatsoever to the Marks or the Business System unless approved or specified in advance by MAINSTREAM in writing.

3.4 DEFENSE OR ENFORCEMENT OF RIGHTS TO MARKS. FRANCHISEE will have no right to and will not defend or enforce any rights associated with the Marks or the Business System in any court or other proceedings for or against imitation, infringement, prior use, or for any other claim or allegation. FRANCHISEE will give MAINSTREAM immediate written notice of any and all claims or complaints made against or associated with the licensed Marks or the Business System and will, without compensation for its time and at its expense, cooperate in all respects with MAINSTREAM in any lawsuits or other proceedings involving the Marks or the Business System. MAINSTREAM will have the right to determine whether it will commence or defend any litigation involving the Marks or the Business System, and the cost and expense of all litigation incurred by MAINSTREAM, including attorneys' fees, specifically relating to the Marks or the Business System will be paid by MAINSTREAM. MAINSTREAM and its legal counsel will control and conduct all litigation involving the Marks, the Business System and the rights of MAINSTREAM. Except as expressly provided for herein, MAINSTREAM will have no liability to FRANCHISEE for any costs that FRANCHISEE may incur in any litigation, and FRANCHISEE will pay for all costs, including attorneys' fees, cost, expenses, and interest, that it may incur in any litigation or proceeding arising as a result of the matters referred to under this Article, unless it tenders the defense to MAINSTREAM in a timely manner pursuant to and in accordance with Article 3.5.

3.5 TENDER OF DEFENSE BY FRANCHISEE. If FRANCHISEE is named as a defendant or party in any action involving the Marks or the Business System solely because the plaintiff is alleging that FRANCHISEE does not have the right to use the Marks or the Business System licensed by MAINSTREAM to FRANCHISEE pursuant to this Agreement, then FRANCHISEE must tender the defense of the action to MAINSTREAM, and MAINSTREAM will, at its expense, defend FRANCHISEE in the action provided that FRANCHISEE has tendered the defense of the action to MAINSTREAM within seven (7) days after receiving service of the pleadings or Summons and Complaint relating to the action. MAINSTREAM will indemnify and hold FRANCHISEE harmless from any damages assessed against FRANCHISEE in any actions resulting solely from FRANCHISEE's use of the Marks and the Business System if FRANCHISEE has timely tendered the defense of the action to MAINSTREAM, although the indemnification does not cover FRANCHISEE's expenses if FRANCHISEE is required to cease using the Marks and commence using new trademarks, trade names, service marks, logos and commercial symbols in accordance with Article 3.3.

ARTICLE 4
FEES

4.1 INITIAL FEE. FRANCHISEE will pay MAINSTREAM an Initial Fee designated on Exhibit A or Alternative Exhibit A. The Initial Fee will be due and payable on the date this Agreement is executed by FRANCHISEE. MAINSTREAM will fully earn the Initial Fee upon its acceptance of this Agreement.

4.2 CONTINUING FEES. In addition to the Initial Fee, FRANCHISEE will, for the entire term of this Agreement, pay MAINSTREAM weekly continuing fees equal to seven and one-half percent (7.5%) of FRANCHISEE's weekly Net Revenues (as defined in Article 23), which are received, billed or generated by, as a result of or from FRANCHISEE's Mainstream Boutique Business ("Continuing Fees"). The Continuing Fees paid to MAINSTREAM will not be refundable to FRANCHISEE under any circumstances.

4.3 DATE AND TERMS OF PAYMENT. FRANCHISEE will pay the weekly Continuing Fees to MAINSTREAM on or before the close of business on Thursday of each week for the preceding week by pre-authorized electronic bank transfer from FRANCHISEE's account to the account of MAINSTREAM or as otherwise directed by MAINSTREAM. FRANCHISEE's weekly report of Net Revenues required under Article 12 of this Agreement must be submitted to MAINSTREAM on or before the close of business on Thursday of each week for the preceding week.

4.4 PAYMENT AS DESIGNATED BY MAINSTREAM. FRANCHISEE will, during the term of this Agreement, make all payments to MAINSTREAM as MAINSTREAM may designate, including through a third party website or portal. In addition, from time to time during the term of this Agreement, FRANCHISEE agrees to execute such documents, as MAINSTREAM or its designated third party provider may request, to provide FRANCHISEE's unconditional and irrevocable authority and direction to its bank or financial institution authorizing and directing FRANCHISEE's bank or financial institution to pay and deposit directly to MAINSTREAM or its designated third party provider, including payment of all Continuing Fees, Advertising Fund Contributions, and all other sums due and payable by FRANCHISEE pursuant to this Agreement in accordance with this Article and Article 5 of this Agreement. FRANCHISEE will, at all times during the term of this Agreement, maintain a balance, in its account at its bank, financial institution, or MAINSTEAM's designated payment vendor, sufficient to allow the appropriate amount to be debited from FRANCHISEE's account for payment of sums payable by FRANCHISEE for deposit in the account of MAINSTREAM.

4.5 INTEREST ON UNPAID AMOUNTS. If FRANCHISEE fails to pay any amounts owed to MAINSTREAM by the due date, then the unpaid amounts due to MAINSTREAM will bear interest at the

maximum legal rate allowable in the state in which FRANCHISEE's Mainstream Boutique Business is located. In no event, however, will the rate of interest payable by FRANCHISEE on the unpaid amounts due MAINSTREAM exceed eighteen percent (18%) per annum simple interest even if the laws of that state permit a higher annual interest rate. If FRANCHISEE does not submit a report of Net Revenues pursuant to Article 12, then MAINSTREAM will have the right, in its sole judgment, to estimate the amount of the Continuing Fees and Advertising Fund Contributions payable by FRANCHISEE, and the estimated unpaid weekly Continuing Fees and Advertising Fund Contributions will bear interest at the rate set forth above.

4.6 SERVICE CHARGE. If FRANCHISEE fails to pay any Continuing Fees or to submit a report of Net Revenues or other reports or financial statements required under Article 12 within ten (10) days after the due date, then in addition to the interest payable by FRANCHISEE as set forth above, FRANCHISEE will pay MAINSTREAM a service charge of Fifty Dollars ($50) which will be immediately due and payable.

4.7 MINIMUM CONTINUING FEES. Commencing with the first day of March or the first day of September, whichever occurs first, following the first anniversary date of this Agreement, and for each Reporting Period (as defined below) during the remaining term of this Agreement, the amount of Continuing Fees paid by FRANCHISEE to MAINSTREAM must meet or exceed the minimum Continuing Fees as set forth in the next two (2) sentences. The minimum Continuing Fees for the first two (2) full Reporting Periods following the first anniversary date of this Agreement shall be Six Thousand Dollars ($6,000). The minimum Continuing Fees for all other Reporting Periods shall be Eight Thousand Dollars ($8,000). If FRANCHISEE fails to meet the minimum Continuing Fees requirement set forth herein in any Reporting Period during the term of this Agreement, then FRANCHISEE must pay to the FRANCHISOR the difference between the minimum Continuing Fee amount and the Continuing Fees actually paid to MAINSTREAM by FRANCHISEE. Payment of the minimum Continuing Fees due to MAINSTREAM for the preceding six (6)-month period will be made by pre-authorized bank transfer from FRANCHISEE's account to the account of MAINSTREAM. A "Reporting Period" is any six-month period running from March 1 to August 31 or from September 1 to February 28.

4.8 NO RIGHT TO OFFSET. FRANCHISEE will not, on grounds of the alleged nonperformance by MAINSTREAM of any of its obligations under this Agreement, any other contract between MAINSTREAM and FRANCHISEE, or for any other reason, withhold payment of any Continuing Fees or any other fees or payments due MAINSTREAM under this Agreement or any other contract, promissory note or other obligation payable by FRANCHISEE to MAINSTREAM. FRANCHISEE will not have the right to "offset" or withhold any liquidated or unliquidated amounts allegedly due to FRANCHISEE from MAINSTREAM against the Continuing Fees or any other payments due to MAINSTREAM under this Agreement or any other contract, promissory note or other obligation payable by FRANCHISEE to MAINSTREAM.

ARTICLE 5
ADVERTISING AND PROMOTION

5.1 LOCAL ADVERTISING EXPENDITURES. FRANCHISEE shall spend a minimum of three percent (3%) of the Net Revenues for the Business on approved local advertising, as set forth in Article 5.3. FRANCHISEE's local advertising expenditures will include advertising, merchandising, sales promotion and other forms of advertising at the local level. On or before January 31 of each year, FRANCHISEE will provide MAINSTREAM with an accounting of the monies that it has spent for approved local advertising for the preceding calendar year (January through December). If FRANCHISEE has failed to spend at least three percent (3%) of its Net Revenues for the calendar year for approved local advertising, FRANCHISEE will deposit with MAINSTREAM the difference between what it should have spent for advertising during the calendar year and what it actually spent for advertising during the calendar year. MAINSTREAM will spend

such amount for any type of advertising or promotion that MAINSTREAM deems appropriate for the Mainstream Boutique® franchise system or deposit the amount in the Advertising Fund (as defined in Article 5.2) and is not obligated to spend such amount in FRANCHISEE's Designated Territory.

5.2 ADVERTISING FUND. In addition to FRANCHISEE's local advertising obligations described in Article 5.1 above, FRANCHISEE will pay to MAINSTREAM weekly contributions, as established in MAINSTREAM's Manual (as defined in Article 6.12), to MAINSTREAM's advertising fund ("Advertising Fund") in the amount of one-half of one percent (.5%) of Net Revenues ("Advertising Fund Contributions"). The Advertising Fund belongs to MAINSTREAM. MAINSTREAM will use the Advertising Fund Contributions as it deems appropriate to promote the Marks and the Mainstream Boutique® brand, which may include developing marketing programs, establishing a web presence, producing advertising and/or promotional materials, conducting advertising research, and implementing advertising and promotional campaigns. Once FRANCHISEE has been operating FRANCHISEE's Business for at least twelve (12) months, MAINSTREAM may increase FRANCHISEE's Advertising Fund Contributions by no more than one-half of one percent (.5%) a year, upon sixty (60) days' written notice, not to exceed a total of two percent (2%) of FRANCHISEE's Net Revenues.

Reasonable disbursements from the Advertising Fund will be made for the payment of expenses incurred in connection with the general promotion of the Marks and the Business System including the cost of formulating, developing and implementing advertising and promotional campaigns, and the reasonable costs of administering the Advertising Fund. These costs include accounting expenses and the actual costs of salaries and fringe benefits paid to MAINSTREAM's employees engaged in the promotion of the Marks or the Mainstream Boutique® brand or the administration of the Advertising Fund. Although MAINSTREAM will strive to manage the Advertising Fund in such a manner that benefits franchisees uniformly, taking into account local advertising costs and forms of media available, MAINSTREAM cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. The methods of advertising, media employed and contents, terms and conditions of advertising campaigns and promotional programs will be within MAINSTREAM's sole judgment. The Advertising Fund is not a trust or escrow account and has no fiduciary obligation to franchisees with respect to the Advertising Fund. Upon request, MAINSTREAM will provide FRANCHISEE an annual unaudited statement of the receipts and disbursements of the Advertising Fund for the previous fiscal year.

5.3 APPROVED ADVERTISING MATERIALS; INTERNET. FRANCHISEE will use its best efforts to promote and advertise its Mainstream Boutique Business and will participate in all advertising and promotional programs MAINSTREAM establishes. FRANCHISEE also must honor all coupons, discounts and gift certificates as MAINSTREAM specifies in the Manual or otherwise in writing. FRANCHISEE will use only approved advertising and promotional materials. MAINSTREAM periodically may supply FRANCHISEE with templates of approved advertising and promotional materials and make them available through MAINSTREAM's intranet or otherwise. If FRANCHISEE desires to use any unapproved advertising or promotional materials bearing the name "Mainstream Boutique®" or other Marks, FRANCHISEE must obtain written approval from MAINSTREAM before using any such materials, which approval will not be unreasonably withheld. Without limiting the generality of the foregoing, FRANCHISEE will not create or establish a site or page on the internet, or otherwise use the internet for advertising or conducting FRANCHISEE's Business, without the prior written consent of MAINSTREAM.

5.4 INITIAL OPENING ADVERTISING. During the ninety (90) day period following the date FRANCHISEE opens its Retail Location, FRANCHISEE will be required to spend a minimum of Three Thousand Dollars ($3,000) to implement and conduct an initial grand opening advertising campaign consisting of marketing, public relations, direct mailing and promotional programs for its Mainstream Boutique Business which have been approved by MAINSTREAM in writing. Expenditures by

FRANCHISEE for initial opening advertising may be applied to the local advertising and promotional expenditures required pursuant to Article 5.1 of this Agreement.

ARTICLE 6
QUALITY CONTROL, UNIFORMITY AND STANDARDS REQUIRED OF FRANCHISEE

MAINSTREAM will promulgate, from time to time, uniform standards of quality and service regarding the business operations of FRANCHISEE's Mainstream Boutique Business so as to protect and maintain (for the benefit of all Mainstream Boutique franchisees and MAINSTREAM) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks and the Business System. Accordingly, FRANCHISEE agrees to maintain the uniformity and quality standards required by MAINSTREAM for all goods and services and agrees to comply with the provisions of this Article to assure the public that all Mainstream Boutique businesses will be uniform in nature and will sell and dispense quality goods and services:

6.1 IDENTIFICATION OF BUSINESS. FRANCHISEE will operate its Business so that it is clearly identified and advertised as a Mainstream Boutique Business. The style and form of the images and words Mainstream Boutique® in any advertising, marketing, public relations, telemarketing, digital or online marketing, or promotional program must have the prior written approval of MAINSTREAM and must conform to MAINSTREAM's standards and requirements for use of the Marks. FRANCHISEE will use the name Mainstream Boutique® and all graphics commonly associated with the Marks which now or hereafter may form a part of MAINSTREAM's Business System on all paper supplies, advertising materials, signs, stationery, business cards and other articles in the identical combination and manner prescribed by MAINSTREAM in writing. FRANCHISEE will, at its expense, comply with all notices of registration required by MAINSTREAM and any other trademark, trade name, service mark, copyright, patent or other notice marking requirements that are required by MAINSTREAM or by applicable law.

6.2 IDENTIFICATION AS FRANCHISEE. FRANCHISEE will not use the words Mainstream Boutique® or any combination of these words in its corporate, partnership, sole proprietorship, or other legal or business entity name. FRANCHISEE will hold itself out to the public as an independent contractor operating its Mainstream Boutique Business pursuant to a franchise from MAINSTREAM. FRANCHISEE will clearly indicate on its business checks, stationery, purchase orders, business cards, receipts, promotional materials and other written materials that FRANCHISEE is a Mainstream Boutique Franchisee. FRANCHISEE will display a sign at FRANCHISEE's Business which is clearly visible to the general public indicating that the Business is independently owned and operated as a franchised business. FRANCHISEE will file for a Certificate of Assumed Name in the manner required by law so as to notify the public that FRANCHISEE is operating the franchised Mainstream Boutique Business as an independent business pursuant to this Agreement.

6.3 BUSINESS LOCATION, CONSTRUCTION AND DESIGN. MAINSTREAM will provide FRANCHISEE with reasonable consulting services in connection with the selection and evaluation of the proposed site and development of the Retail Location. FRANCHISEE acknowledges that MAINSTREAM's assistance in site location and acceptance of the premises does not represent a representation or guaranty by MAINSTREAM that the location will be a successful location for FRANCHISEE's Business. If FRANCHISEE enters into a lease for the Retail Location premises, FRANCHISEE must provide MAINSTREAM a copy of the proposed lease before FRANCHISEE signs it and receive MAINSTREAM's prior written approval of the proposed lease (which will not be unreasonably withheld) before FRANCHISEE signs it. In addition, FRANCHISEE and the landlord of the Retail Location premises must sign a "Lease Addendum" in the form attached hereto as Exhibit B. FRANCHISEE shall construct and equip the Retail Location in accordance with MAINSTREAM's current approved

specifications and standards pertaining to equipment, inventory, signage, fixtures, accessory features and design and layout of the Business. FRANCHISEE must complete all leasehold improvements based on MAINSTREAM's building design standards and shall, as required by MAINSTREAM, use only MAINSTREAM's approved suppliers for architecture, building designs, and other equipment, signage, fixtures and furnishings. FRANCHISEE shall not commence construction of the Retail Location until FRANCHISEE has received MAINSTREAM's or its designated vendor's written consent to FRANCHISEE's building and design plans. MAINSTREAM's review of the plans will focus primarily on whether the plans conform to the then-current design, layout, signage and interior and exterior décor and image of Mainstream Boutique® Businesses. FRANCHISEE is solely responsible for obtaining all necessary permits, licenses and/or architectural seals and in all other respects complying with applicable legal requirements relating to the Retail Location site, build-out, signs and equipment. The Retail Location shall be constructed in accordance with all applicable laws, regulations and ordinances.

6.4 RETAIL LOCATION OPENING. FRANCHISEE will not open the Retail Location for business without MAINSTREAM's prior written approval. FRANCHISEE agrees to complete the development and open the retail location for business within the time period stated in Exhibit A or Alternative Exhibit A, whichever Exhibit is applicable.

6.5 EXTENSION FEE. If FRANCHISEE cannot develop and open the Retail Location within the time period stated in Exhibit A or Alternative Exhibit A, FRANCHISEE may request in writing that MAINSTREAM approves an extension of up to six (6) months within which FRANCHISEE must open the Retail Location. FRANCHISEE must pay MAINSTREAM a non-refundable extension fee of Two Thousand Five Hundred Dollars ($2,500) when FRANCHISEE requests the extension regarding the Retail Location. If MAINSTREAM grants an extension pursuant to a request, the extension will be limited to the period permitted by MAINSTREAM not to exceed six (6) months. FRANCHISEE will not receive more than one (1) extension for the Retail Location, whether under this Agreement.

6.6 RESTRICTIONS. FRANCHISEE shall not use the Retail Location premises for any purpose other than the operation of a Mainstream Boutique® during the term of this Agreement. The license granted to FRANCHISEE under this Agreement is personal in nature, and may not be used at any other retail location other than the Retail Location. Subsequent to expiration or termination of this Agreement, FRANCHISEE shall not use the Retail Location premises in violation of Article 18 of this Agreement.

6.7 SIGNS. All signs to be used in connection with the Business, including the exterior and interior of the Retail Location, must conform to any requirements imposed by MAINSTREAM and must be purchased from MAINSTREAM, its affiliate or a supplier approved by MAINSTREAM. All exterior signs shall be affixed in such a way that the Mainstream Boutique® name shall be prominently visible.

6.8 COMPLIANCE WITH STANDARDS AND SPECIFICATIONS. FRANCHISEE will obtain and pay for the inventory, supplies and equipment required by MAINSTREAM and used by FRANCHISEE for the operation of its Mainstream Boutique Business. The inventory, supplies and equipment used in FRANCHISEE's Business must conform to the quality standards and uniformity requirements established by MAINSTREAM from time to time.

6.9 MODERNIZATION OR REPLACEMENT. FRANCHISEE shall effect such items of modernization, refurbishing and/or replacement of the premises, equipment, and signage as may be reasonably necessary to permit the same to reasonably conform to the standards then prescribed by MAINSTREAM for similarly situated new Mainstream Boutique® Business no less than every three (3) years. All modernization, refurbishing or updates to the Mainstream Boutique® Business must comply with MAINSTREAM's then-current standards and specifications as described in MAINSTREAM's written communication or the Manual. MAINSTREAM may require additional minor updates, such as painting, or cosmetic changes, on an annual

basis. FRANCHISEE acknowledges and agrees that the requirements of this Article are both reasonable and necessary to ensure continued public acceptance and patronage of Mainstream Boutique Businesses and to avoid deterioration or obsolescence in connection with the operation of the Business. In addition, each and every transfer of any interest in this Agreement or the Business conducted hereunder is expressly conditioned upon FRANCHISEE's compliance with the foregoing requirement.

6.10 RELOCATION. FRANCHISEE will not relocate the Retail Location from the approved site of the Retail Location without MAINSTREAM's prior written consent. If FRANCHISEE relocates the Retail Location under this Article, the "new" franchised location of the Retail Location, including the real estate and building, must comply with all applicable provisions of this Agreement and with MAINSTREAM's then-current specifications and standards for Mainstream Boutique Businesses. If FRANCHISEE must relocate the Retail Location because the Retail Location was destroyed, condemned or otherwise became untenantable by fire, flood or other casualty, FRANCHISEE must reopen the Retail Location at the new franchised location in the Protected Area within six (6) months after FRANCHISEE discontinues operation at the existing Retail Location site. If FRANCHISEE desires to relocate the Retail Location for any other reason, MAINSTREAM will not unreasonably withhold its consent to the proposed relocation, provided MAINSTREAM has received at least ninety (90) days' written notice prior to the closing of the existing Retail Location, FRANCHISEE has obtained a site acceptable to MAINSTREAM, and FRANCHISEE agrees to open at the "new" Retail Location within five (5) days after FRANCHISEE closes the Retail Location at the "prior" franchised location and otherwise complies with any other conditions that MAINSTREAM may require.

There is no guarantee that an acceptable location will be available for relocation, and if FRANCHISEE is unable to relocate its Retail Location within the Designated Territory and reopen FRANCHISEE's Retail Location within the time periods described in this Article 6.10, this Agreement will terminate.

6.11 GOODS AND SERVICES. FRANCHISEE will promote and sell only those goods and services prescribed and approved by MAINSTREAM in writing and will offer for sale all goods and services prescribed by MAINSTREAM. FRANCHISEE will conform to all customer service standards prescribed by MAINSTREAM in writing. FRANCHISEE must follow MAINSTREAM'S policies, guidelines, and programs for advertising and promotion. To the extent allowed by law, this includes a requirement that FRANCHISEE must sell its products at the prices and discounts advertised or promoted pursuant to programs established by MAINSTREAM.

6.12 OPERATIONS MANUAL. MAINSTREAM will loan FRANCHISEE one (1) copy of MAINSTREAM's confidential operations manual (the "Manual"). FRANCHISEE will conduct its Business in accordance with the Manual and conform to the common image and identity created by the goods and services associated with Mainstream Boutique businesses which are portrayed and described by the Manual. FRANCHISEE will conform to all required changes and modifications made to the Manual by MAINSTREAM that are deemed necessary by MAINSTREAM to: (A) improve the standards of service and products offered for sale to the public under the Business System; (B) protect the goodwill associated with the Marks; (C) improve the operation of FRANCHISEE's Mainstream Boutique Business; or (D) maintain the product and service consistency required by MAINSTREAM. MAINSTREAM reserves the right to revise the Manual at any time during the term of this Agreement. The Manual and all written supplements, changes and modifications to the Manual are confidential in all respects and are and will remain the sole and exclusive property of MAINSTREAM. FRANCHISEE will not use the Manual or any information contained therein in connection with the operation of any other business or for any purpose other than the operation of FRANCHISEE's Mainstream Boutique Business. The Manual contains both mandatory and suggested specifications, standards and procedures that MAINSTREAM prescribes for Mainstream Boutique businesses. Any mandatory requirements exist to protect MAINSTREAM's interest in the System and the Marks and to create a uniform customer experience, and not for the purpose of

establishing any control, or the duty to take control over those matters that are clearly reserved to FRANCHISEE.

6.13 APPROVED SUPPLIERS. FRANCHISEE will purchase from suppliers approved in writing by MAINSTREAM all clothing, accessories, products, goods, merchandise, supplies, sundries, equipment and services (sometimes referred to in this Agreement as "goods and services") to be used or sold by FRANCHISEE in conjunction with the operation of its Mainstream Boutique Business which MAINSTREAM determines meet the standards of quality and uniformity required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and the Business System. FRANCHISEE will have the right and option to purchase all goods and services from other or outside suppliers only if such goods and services conform in quality to MAINSTREAM's standards and specifications and FRANCHISEE obtains MAINSTREAM's prior written approval. If FRANCHISEE desires to purchase any goods and services from other suppliers, then FRANCHISEE will submit samples and specifications to MAINSTREAM for review or testing to determine whether the goods and services comply with MAINSTREAM's standards and specifications. Any expenses incurred by MAINSTREAM in reviewing or testing samples of unapproved products will be paid by FRANCHISEE. The written approval of MAINSTREAM must be obtained by FRANCHISEE prior to the time that any previously unapproved goods and services are used or sold at FRANCHISEE's Mainstream Boutique Business. FRANCHISEE'S failure to use MAINSTREAM's approved suppliers or use a supplier prior to receiving written approval by MAINSTREAM will constitute a default under this Agreement.

6.14 REPAIR AND MAINTENANCE. FRANCHISEE will, at its expense, keep in a clean and sanitary condition all clothing and accessories offered for sale by FRANCHISEE's Mainstream Boutique Business. The premises, equipment and signage used in the operation of FRANCHISEE's Retail Location shall be maintained in accordance with requirements that MAINSTREAM periodically may establish, by notice or otherwise, and reasonable schedules prepared by MAINSTREAM based upon periodic evaluations of the premises by MAINSTREAM's representatives. FRANCHISEE's Retail Location, and all fixtures and equipment will be kept in good working order by FRANCHISEE at all times and will meet MAINSTREAM's quality standards. If FRANCHISEE fails to maintain the Retail Location, MAINSTREAM has the right, but not the obligation, to enter upon the premises for the Retail Location and make the necessary repairs or maintenance on FRANCHISEE's behalf and FRANCHISEE must pay all costs therefor to MAINSTREAM upon demand. All replacement fixtures and equipment must comply with MAINSTREAM's then-current standards and specifications.

6.15 COMPLIANCE WITH APPLICABLE LAWS. FRANCHISEE will comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of FRANCHISEE's Business. FRANCHISEE will be absolutely and exclusively responsible for determining the licenses and permits required by law for FRANCHISEE's Business, for qualifying for and obtaining all such licenses and permits, and for maintaining all such licenses and permits in full force and effect.

6.16 PAYMENT OF OBLIGATIONS. FRANCHISEE must timely pay all of its noncontested and liquidated obligations and liabilities due and payable to MAINSTREAM, and to suppliers, lessors and creditors of FRANCHISEE.

6.17 BUSINESS HOURS; PERSONNEL. FRANCHISEE's Mainstream Boutique Business will be available for business on such days and for such hours as MAINSTREAM may designate. Unless otherwise approved in writing by MAINSTREAM, and except for certain approved federal holidays, FRANCHISEE must operate its Mainstream Boutique Business during the hours of operation described in the Manual. FRANCHISEE will have a sufficient number of adequately trained and competent personnel available at

all times to guarantee efficient service to FRANCHISEE's customers. FRANCHISEE will require its employees and independent contractors to wear attire as prescribed by MAINSTREAM in the Manual.

6.18 MAINSTREAM'S INSPECTION RIGHTS. MAINSTREAM, its employees or individual contractors may enter the Retail Location during normal business hours to inspect the facilities. MAINSTREAM will also have the absolute right to interview FRANCHISEE's employees and independent contractors, to examine representative samples of all goods and equipment sold or used in FRANCHISEE's Mainstream Boutique Business, and to evaluate the quality of the products sold and services provided by FRANCHISEE to its customers. MAINSTREAM will have the absolute right to attend any Mainstream Boutique Show conducted by FRANCHISEE, its employees or independent contractors. MAINSTREAM has the right to take photographs and videotapes before, during or after the Show, of the products being offered for sale and the presentation and to take photographs and videotapes of FRANCHISEE's Retail Location. MAINSTREAM will have the right to use all photographs and videotapes of FRANCHISEE's Mainstream Boutique Business for such purposes as MAINSTREAM deems appropriate including, but not limited to, use in advertising, marketing and promotional materials, and as evidence in any court, mediation or arbitration proceeding. FRANCHISEE will not be entitled to, and hereby expressly waives, any right that it may have to be compensated by MAINSTREAM, its advertising agencies or any other Mainstream Boutique franchisees for the use of such photographs or videotapes for advertising, marketing, promotional or litigation purposes.

6.19 SECURITY INTEREST. This Agreement and the franchise granted to FRANCHISEE hereunder may not be the subject of a security interest, lien, levy, attachment or execution by FRANCHISEE's creditors or any financial institution, except with the prior written approval of MAINSTREAM.

6.20 CREDIT CARDS. FRANCHISEE will honor all credit cards approved by MAINSTREAM. FRANCHISEE must obtain the written approval of MAINSTREAM prior to honoring any previously unapproved credit cards or other credit devices. FRANCHISEE shall, at its expense, comply with all information security standards published by the Payment Card Industry Security Standards Council as well as any and all applicable laws intended to protect personal information and to ensure security when transactions are processed using a payment card.

6.21 NOTIFICATION AND PARTICIPATION. FRANCHISEE will immediately deliver to MAINSTREAM a copy of any notifications of any lawsuits, contract breaches, consumer claims, federal or state administrative or agency proceedings or investigations, or other civil or governmental claims, actions or proceedings relating to FRANCHISEE's Mainstream Boutique Business. Upon request from MAINSTREAM, FRANCHISEE will provide additional information as may be required by MAINSTREAM regarding the alleged default, lawsuit, claim or proceeding or any subsequent action or proceeding in connection with the alleged default, lawsuit, claim or proceeding.

6.22 TELEPHONE EQUIPMENT AND NUMBER. In addition to standard telephone equipment at the Retail Location, FRANCHISEE will obtain and maintain at all times during the term of this Agreement either a telephone answering machine, voice mail system or mobile cellular telephone equipment as may be required for FRANCHISEE's Mainstream Boutique Business. FRANCHISEE's telephone answering machine, voice mail system or mobile cellular telephone equipment must meet the then-current standards and specifications established by MAINSTREAM. FRANCHISEE must obtain separate telephone numbers for the conduct of FRANCHISEE's Mainstream Boutique Business.

6.23 COMPUTERS; ACCESS TO INFORMATION; DATA PRIVACY; ARTIFICIAL INTELLIGENCE. FRANCHISEE will obtain and maintain at all times during the term of this Agreement, such computer hardware, computer software, applications, online platforms, cash register system, and other equipment as may from time to time be required by MAINSTREAM for use in the operation of

FRANCHISEE's Mainstream Boutique Business, including all existing or future communication or data storage systems (the "Computer System"). All such components of the Computer System must meet the then-current standards and specifications established by MAINSTREAM. FRANCHISEE must pay all costs associated with the Computer System, including hardware, software, applications, online platforms and equipment, and any updates, supplements, modifications, substitutions or replacements MAINSTREAM requires. FRANCHISEE acknowledges and agrees that MAINSTREAM has the right to access, both electronically and through hard copy of printed data, all data and other information maintained by FRANCHISEE on such Computer System for purposes of monitoring compliance by FRANCHISEE with its obligations under this Agreement and for any other purpose deemed beneficial by MAINSTREAM to Mainstream Boutique Business System and all Mainstream Boutique franchisees. All customer data, including credit card data, stored by FRANCHISEE must be protected and safeguarded to ensure privacy, protection from theft, piracy, or unauthorized use. FRANCHISEE will inform all of its employees of their obligations concerning this requirement. FRANCHISEE must notify MAINSTREAM immediately upon discovery of any prohibited use or disclosure of confidential or proprietary information or any breach of these obligations; and will cooperate fully to prevent further prohibited use. FRANCHISEE is solely responsible for protecting itself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized cyber or electronic intruders and FRANCHISEE waives any and all claims it may have against MAINSTREAM as the direct or indirect result of such disruptions, failures, attacks, or unauthorized access. FRANCHISEE must comply with all laws and regulations related to privacy and data protection and breach response policies MAINSTREAM may periodically establish. FRANCHISEE must notify MAINSTREAM immediately of any suspected data breach at or in connection with its Mainstream Boutique Business.

FRANCHISEE will not, without MAINSTREAM's prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models ("Generative AI") directly or indirectly in the operation of the Business, including without limitation, in advertising, promotion, or marketing of the Business or the franchised business, communications with customers, business planning, analysis or optimization, or in any Social Media Sites. FRANCHISEE acknowledges and agrees not to upload or share any confidential information with any unapproved third-party platforms, including Generative AI, except as authorized in advance and in writing by MAINSTREAM. In addition, FRANCHISEE will prohibit its employees from using any confidential information in Generative AI. In the event FRANCHISEE utilizes any Generative AI, FRANCHISEE will comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon or use intellectual property of a third party without appropriate authorization and attribution.

Each party is an independent data controller of, or, if applicable, a business in relation to, the personal data or information relating to the other party's employees, contractors and/or executives it collects and processes and each party will comply with all applicable laws and regulations in relation to the same. The parties will enter into a separate data sharing agreement or processing agreement to the extent and as required by applicable law.

6.24 USE OF INTERNET; PARTICIPATION IN AN INTERNET WEBSITE OR OTHER ONLINE COMMUNICATIONS. MAINSTREAM may require FRANCHISEE, at FRANCHISEE's expense, to participate in MAINSTREAM's website on the internet as well as in MAINSTREAM's intranet system. MAINSTREAM has the right to determine the content and use of its website, social media accounts, and intranet system and will establish the rules under which FRANCHISEE may participate. FRANCHISEE may not register any domain name, email address, social media account, or other internet presence containing any of the Marks or other names, logos, or symbols that are confusingly similar to the Marks. MAINSTREAM owns, and hereby licenses back to FRANCHISEE to use, all official "Mainstream Boutique" accounts on all social media, social networking and geolocation platforms ("Social Media

Sites"). MAINSTREAM shall be solely responsible for creating the accounts for such Social Media Sites and will provide any log-in information to FRANCHISEE if and when such accounts are created. Upon receipt of such account information, FRANCHISEE must participate on the Social Media Sites as MAINSTREAM directs. MAINSTREAM reserves the right to solely determine the content and use of any Social Media Site and will establish the rules under which FRANCHISEE must participate. MAINSTREAM retains all rights relating to its website, Social Media Sites, and its intranet system and may alter or terminate its website or its intranet system without prior notice to FRANCHISEE. FRANCHISEE's general conduct on MAINSTREAM's website, intranet system, Social Media Sites or portals or on other online platforms or communications and specifically FRANCHISEE's use of the Marks or any advertising on any website or other online platforms or communications is subject to the provisions of this Agreement. Except as MAINSTREAM may authorize in writing, however, FRANCHISEE will not: (1) link or frame MAINSTREAM website; (2) conduct any business or offer to sell or advertise any products or services on the internet (or any other existing or future form of electronic communication); (3) create or register any internet domain name, social media account, or other internet presence in any connection with MAINSTREAM; and (4) use any email address which MAINSTREAM has not authorized for use in operating the Business. FRANCHISEE acknowledges that certain information obtained through participation in MAINSTREAM's website and intranet system may be considered confidential information, including access codes and identification codes. Further, FRANCHISEE may not market, advertise or promote FRANCHISEE's Business or conduct any business on the internet, including on or using social and professional networking sites to promote FRANCHISEE's Business, except as provided in MAINSTREAM's written social media policy (if any) or with MAINSTREAM's prior written approval. MAINSTREAM may suspend FRANCHISEE's right to participate in MAINSTREAM's website and intranet system or otherwise use the Marks or Business System on the internet or other online communications if FRANCHISEE has received a notice of breach of this Agreement pursuant to Article 15.2. Such rights will permanently terminate when this Agreement expires or terminates. It is FRANCHISEE's responsibility to protect itself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders and FRANCHISEE waives any and all claims FRANCHISEE may have against MAINSTREAM as the direct or indirect result of such disruptions, failures and attacks.

6.25 CUSTOMER LISTS. FRANCHISEE must provide MAINSTREAM with an up-to-date customer and account list in the format MAINSTREAM prescribes each month or more frequently as MAINSTREAM requires. MAINSTREAM has the right to contact the customers to ascertain the level of customer satisfaction. MAINSTREAM owns the customer list and Protected Accounts and license FRANCHISEE to use them during the term of this Agreement. FRANCHISEE may not use the customer list or Protected Account information for any purpose whatsoever other than in the normal conduct of FRANCHISEE's Business. FRANCHISEE must not use or disclose customer list or Protected Account informationin a manner that would cause MAINSTREAM to be in violation of its published privacy policy. FRANCHISEE may not sell, transfer, sublicense, loan, share, or give the customer list or accounts to anyone without MAINSTREAM's prior written permission. Upon termination or expiration of this Agreement, FRANCHISEE must promptly deliver to MAINSTREAM a complete list of current and former customers and all information (including corporate contact persons) respecting any accounts (including Protected Accounts). Such a list must include name, telephone number, complete mailing address and other customer information as MAINSTREAM requests.

6.26 OPERATION OF BUSINESS. FRANCHISEE will be totally and solely responsible for the operation of its Mainstream Boutique Business, and will control, supervise and manage all the employees, agents and independent contractors who work for or with FRANCHISEE, including responsibility for hiring compensating, scheduling, disciplining, declining, and all other personnel decisions respecting the employees. 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 federal, state and local laws, rules and regulations including, but not limited to, all employment and labor laws, privacy and data security laws, marketing and advertising laws and regulations, discrimination laws, sexual harassment laws and laws relating to the disabled. MAINSTREAM will not have any right, obligation or responsibility to control, supervise or manage FRANCHISEE's employees, agents or independent contractors. In the event FRANCHISEE receives any complaint, claim, or other notice alleging a failure to comply with applicable law, including the Americans with Disabilities Act, FRANCHISEE shall provide MAINSTREAM with a copy of such notice within five (5) days after receiving the notice.

6.27 MANAGEMENT OF THE STORE/CONFLICTING INTERESTS. FRANCHISEE'S Mainstream Boutique Business must at all times be under FRANCHISEE's direct supervision or, if FRANCHISEE is a partnership, corporation or limited liability company, a principal owner or an operating manager who MAINSTREAM has approved and who has satisfactorily completed the training program designated by MAINSTREAM. FRANCHISEE must at all times faithfully, honestly and diligently perform its obligations and continuously use its best efforts to promote and enhance the business of its Mainstream Boutique Business. The person who is responsible for the day-to-day supervision of the Mainstream Boutique Business (i.e., the principal owner or the approved manager) must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with FRANCHISEE's obligations.

If at any time FRANCHISEE (or, if FRANCHISEE is a partnership, corporation or limited liability company, the principal owner) or an approved manager who has satisfactorily completed MAINSTREAM's designated training program is not managing FRANCHISEE's Mainstream Boutique Business, MAINSTREAM immediately may appoint a manager to maintain business operations on FRANCHISEE's behalf. MAINSTREAM's appointment of a manager of FRANCHISEE's Mainstream Boutique Business does not relieve FRANCHISEE of its obligations or constitute a waiver of MAINSTREAM's right to terminate this Agreement. MAINSTREAM is not liable for any debts, losses, costs or expenses incurred in the operation of FRANCHISEE's Mainstream Boutique Business or to any creditor of FRANCHISEE for any products, materials, supplies or services purchased by FRANCHISEE's Mainstream Boutique Business while it is managed by MAINSTREAM's appointed manager. MAINSTREAM may charge a reasonable fee for management services and cease to provide management services at any time.

ARTICLE 7
CONFIDENTIAL INFORMATION

7.1 CONFIDENTIALITY OF MANUAL. FRANCHISEE must, at all times during the term of this Agreement and thereafter, treat the Manual, any other manuals created for or approved for use in the operation of FRANCHISEE's Mainstream Boutique Business, and the information contained therein as trade secret and confidential, and FRANCHISEE will use all reasonable means to keep such information trade secret and confidential. Neither FRANCHISEE, its employees, nor its independent contractors, will make any copy, duplication, record or reproduction of the Manual, or any portion thereof, available to any unauthorized person.

7.2 CONFIDENTIAL INFORMATION. FRANCHISEE expressly acknowledges and agrees that MAINSTREAM will be disclosing and providing to FRANCHISEE certain confidential or proprietary information concerning the Business System and the procedures, technology, operations and data used in connection with the Business System. Accordingly, FRANCHISEE will 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 the methods of operation of a Mainstream Boutique business which may be communicated to FRANCHISEE through the Manual or otherwise, or of

which FRANCHISEE may be apprised, by virtue of this Agreement. FRANCHISEE will divulge such confidential information only to its employees and independent contractors who must have access to it in order to operate FRANCHISEE's Mainstream Boutique Business. Any and all information, knowledge and know-how including, without limitation, vendor and supplier lists, customers lists, drawings, materials, equipment, technology, methods, procedures, specifications, techniques, computer programs, systems and other data which MAINSTREAM designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement. Notwithstanding any other provision of this Agreement or the Operation Manuals, FRANCHISEE may, in accordance with any applicable law which includes but is not limited to the federal Defend Trade Secrets Act, disclose confidential information (a) in confidence, to federal, state, or local government officials, or to its attorney of, for the sole purpose of reporting or investigating a suspected violation of law; or (b) in a document filed in a lawsuit or other legal proceeding, but only if the filing is made under seal and protected from public disclosure.

7.3 CONFIDENTIALITY AGREEMENTS. FRANCHISEE will require all of FRANCHISEE's employees and independent contractors who have access to the Manual or other confidential information to execute an agreement, in a form satisfactory to MAINSTREAM, where the employees and independent contractors agree to maintain the confidentiality, during the course of their employment or relationship with FRANCHISEE and thereafter, of all information designated by MAINSTREAM as confidential. Copies of all executed agreements will be submitted to MAINSTREAM upon request. In addition, subject to state law, FRANCHISEE will require any managers or other key employees to sign a non-competition agreement in a form MAINSTREAM directs or approves.

7.4 IMPROVEMENTS. FRANCHISEE must fully and promptly disclose to MAINSTREAM, all ideas, concepts, methods, techniques, improvements, additions and customer data relating to the development and/or operation of a Mainstream Boutique business or the Business System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of its Mainstream Boutique Business (collectively the "Improvements") conceived or developed by FRANCHISEE, its employees, and/or agents during the term of this Agreement. Each such Improvement will be deemed to be MAINSTREAM's sole and exclusive property and works made-for-hire for MAINSTREAM. To the extent any Improvement does not qualify as a work made-for-hire for MAINSTREAM, FRANCHISEE hereby assigns ownership of that Improvement and all related rights to MAINSTREAM and agrees to sign (and to cause its owners, employees and agents to sign) such assignment or other documents MAINSTREAM requests to evidence its ownership or to help MAINSTREAM obtain intellectual property rights in the Improvement. MAINSTREAM is not obligated to pay FRANCHISEE or any other person any royalties or other fees respecting any Improvements and Franchisee may not use any Improvement in operating the Mainstream Boutique Business or otherwise without MAINSTREAM's prior approval.

7.5 TRADE SECRETS. FRANCHISEE understands and agrees that FRANCHISEE will come into possession with certain of MAINSTREAM's trade secrets concerning the manner in which MAINSTREAM conducts business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; vendor lists; customer lists and information; marketing and promotional campaigns; and any materials clearly marked or labeled as trade secrets. FRANCHISEE agrees that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to MAINSTREAM. FRANCHISEE agrees that MAINSTREAM derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by another person. FRANCHISEE agrees to take reasonable measures, as may de described further in the Manual, to keep such information secret. Upon termination of this Agreement, FRANCHISEE will not use, sell, teach, train, or disseminate in any manner to any other person, firm, corporation, or association any trade secret pertaining to MAINSTREAM's business and/or the manner in which it is conducted.

ARTICLE 8
TRAINING PROGRAM; ASSISTANCE

8.1 TRAINING PROGRAM AND TRAINING PLATFORM. If this is FRANCHISEE's first Mainstream Boutique Business, MAINSTREAM will provide an initial training program for FRANCHISEE at MAINSTREAM's headquarters. The initial training program will include classroom or virtual classroom instruction and on-the-job training for not less than four (4) days on orientation to the Business System and basic operating skills such as daily operational procedures, , inventory purchasing and control, merchandising, customer service, customer relations, basic computer operations and set-up, selling and marketing techniques, financial reporting, and other business and marketing topics selected by MAINSTREAM. FRANCHISEE must complete, to MAINSTREAM's satisfaction, the initial training program prior to commencing any business operations. The initial training program will be scheduled by MAINSTREAM in its sole judgment. In the event FRANCHISEE fails to successfully complete MAINSTREAM's initial training program, he or she will not be permitted or authorized to operate FRANCHISEE's Mainstream Boutique Business and MAINSTREAM will have the right to reject FRANCHISEE pursuant to Article 1.6 of this Agreement. MAINSTREAM may also require certain additional training through MAINSTREAM's online training platform. FRANCHISEE shall, as required by MAINSTREAM, complete registration on MAINSTREAM's online platform and FRANCHISEE's must pay to MAINSTREAM its then-current monthly, annual, or per-training fee for access to the online platform, as determined by MAINSTREAM.

8.2 HIRING OF NEW PERSONNEL. FRANCHISEE must train all new employees or independent contractors it hires. If MAINSTREAM determines, in its sole judgment, that any management-level employees or independent contractors are not receiving the required training, MAINSTREAM may require any individual management-level employee or independent contractor to successfully complete a prescribed training program before continuing to participate in the operation of FRANCHISEE's Mainstream Boutique Business. FRANCHISEE will be required to pay all training expenses. Any training MAINSTREAM provides to FRANCHISEE's management-level employees or independent contractors will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the client service standards of the System. FRANCHISEE is and will remain the sole employer of their employees at all times, including during all training programs.

8.3 PAYMENT OF EXPENSES DURING TRAINING. FRANCHISEE will pay the salaries, lodging, food, travel costs, and all other expenses for FRANCHISEE and all other employees and independent contractors sent to the training program by FRANCHISEE. FRANCHISEE will also comply with all applicable state and federal laws pertaining to all employees and independent contractors who attend MAINSTREAM's training program.

8.4 OPENING ASSISTANCE. After FRANCHISEE has successfully completed MAINSTREAM's training program, MAINSTREAM may, in its sole discretion, decide to assist FRANCHISEE in opening FRANCHISEE's Mainstream Boutique Business. MAINSTREAM may, in its sole discretion, provide, at its cost, a representative for not less than one (1) business day within FRANCHISEE's Designated Territory, who will conduct an assessment of the Retail Location within the first year in business.

8.5 ADDITIONAL ASSISTANCE. MAINSTREAM will, at its expense: (A) provide FRANCHISEE with a written schedule of all fixtures, supplies and equipment necessary and required for the operation of FRANCHISEE's Mainstream Boutique Business; (B) furnish, upon request, a list of approved sources from whom FRANCHISEE can purchase fixtures, equipment, supplies, products, printed materials, items, goods and services; (C) review and evaluate FRANCHISEE's Business as often as MAINSTREAM deems necessary and render written reports to FRANCHISEE as deemed appropriate by MAINSTREAM; (D) render advisory services pertaining to customer service and the operation of

FRANCHISEE's Mainstream Boutique Business as frequently as MAINSTREAM deems appropriate; (E) provide FRANCHISEE with MAINSTREAM's standard Manual and all supplements and modifications to the Manual; (F) provide additional training, weekly, through a Franchise Onboarding team member for FRANCHISEE's during the first six (6) months of FRANCHISEE's operation of the Mainstream Boutique Business, after 6 months, franchisee will receive support from a Franchise Coach on a monthly basis.

8.6 ADDITIONAL TRAINING. MAINSTREAM may, during the term of this Agreement, provide required or optional additional training and instruction to FRANCHISEE on topics determined by MAINSTREAM in its sole judgment. MAINSTREAM reserves the right to add or delete additional training topics at any time without notice to FRANCHISEE. FRANCHISEE will be required to pay MAINSTREAM the then-current training fee charged by MAINSTREAM for any additional training attended by or required for FRANCHISEE, its employees or its independent contractors. All expenses incurred by FRANCHISEE or any employees or independent contractors of FRANCHISEE in traveling to and attending optional additional training will be paid for by FRANCHISEE.

8.7 CONVENTIONS AND MEETINGS. MAINSTREAM may periodically hold or sponsor franchise conventions and meetings relating to new services or products, new operational procedures or programs, retail or clothing trends, system updates or modifications, franchisee feedback, training, business management, sales and sales promotion, or similar topics. These franchise conventions and meetings may be optional or mandatory, as MAINSTREAM designates. FRANCHISEE's principal owner must attend and pay for all mandatory franchise conventions and meetings MAINSTREAM may hold. MAINSTREAM may require, at its discretion, that FRANCHISEE pay a fee to MAINSTREAM for attendance at a mandatory franchise convention or meeting if FRANCHISEE is unable to attend.

ARTICLE 9
INVENTORY PURCHASES

9.1 INITIAL INVENTORY PURCHASE. During the initial training program, MAINSTREAM will make available to FRANCHISEE samples or photographs of the clothing and accessories currently available to Mainstream Boutique franchisees. MAINSTREAM will assist FRANCHISEE in ordering FRANCHISEE'S initial opening inventory. FRANCHISEE will directly pay the applicable vendors for the initial opening inventory. FRANCHISEE must order, for themselves, all subsequent inventory for the Franchised Business only from approved vendors. This may include inventory supplied by MAINSTREAM or its affiliate, including Mac and Me® products. FRANCHISEE must pay for all initial inventory for its Mainstream Boutique Business in advance or upon receipt of vendor's invoice. Any cancellation or changes to the initial inventory must be sent to MAINSTREAM and MAINSTREAM will communicate the changes or cancellations with the suppliers or vendors. Unless approved in writing by MAINSTREAM, FRANCHISEE cannot communicate directly with vendors or suppliers regarding inventory, except to order such inventory.

9.2 SUBSEQUENT INVENTORY PURCHASES. FRANCHISEE must follow the procedures for ordering inventory that MAINSTREAM outlines in the Manual or in writing. FRANCHISEE must participate in any purchasing cooperative that MAINSTREAM requires. MAINSTREAM will make available to FRANCHISEE through MAINSTREAM's website or otherwise samples or photographs of the clothing and accessories currently available to Mainstream Boutique® franchisees. FRANCHISEE must place all orders directly through MAINSTREAM, through the designated purchasing cooperative, through MAINSTREAM's approved vendor for order placement, or directly with approved suppliers, as MAINSTREAM directs. FRANCHISEE may not place any orders for the purchase of inventory directly with any non-approved supplier without first obtaining the prior written consent of MAINSTREAM. FRANCHISEE will pay for all inventory and delivery as specified in the Manual or by the vendors. In

certain circumstances as described in writing by MAINSTREAM, MAINSTREAM may suspend FRANCHISEE's right to place inventory orders directly with approved suppliers.

9.3 FAILURE TO PAY SUPPLIERS. If FRANCHISEE fails to pay any supplier any amounts when due, FRANCHISEE must immediately notify MAINSTREAM in writing of such failure. If FRANCHISEE fails to pay any supplier any amounts when due, MAINSTREAM may refuse to place orders for the purchase of FRANCHISEE's inventory with any supplier and may instruct any supplier not to accept orders from FRANCHISEE until FRANCHISEE has paid all amounts due and owing to all suppliers and MAINSTREAM. This right is in addition to any other rights MAINSTREAM has under this Agreement, including MAINSTREAM's right to terminate this Agreement pursuant to Article 15.1(B).

ARTICLE 10
INSURANCE

10.1 GENERAL LIABILITY. FRANCHISEE must acquire and maintain in full force and effect, at its sole cost and expense, a general liability insurance policy insuring FRANCHISEE, MAINSTREAM, and their respective officers, directors, and employees from and against any loss, liability, damage, claim or expense of any kind whatsoever including claims for bodily injury, personal injury, death, property damage, products liability and malpractice resulting from the condition, operation, use, business or occupancy of FRANCHISEE's Mainstream Boutique Business.

10.2 VEHICLE INSURANCE. FRANCHISEE must acquire and maintain in full force and effect, at its sole cost and expense, automobile liability coverage insuring FRANCHISEE, MAINSTREAM, and their respective officers, directors, and employees from any and all loss, liability, damage, claim or expense of any kind whatsoever resulting from the use, operation or maintenance of any automobile or vehicle used by FRANCHISEE or any of its employees in connection with FRANCHISEE's Mainstream Boutique Business.

10.3 COVERAGE LIMITS. Liability coverages for both the general liability insurance coverage and automobile coverage must have limits of at least the amount designated in the Manual.

10.4 PROPERTY INSURANCE. FRANCHISEE will maintain in full force and effect, at its sole cost and expense, "all risks" property insurance coverage for the equipment, furnishings, fixtures, inventory, tenants improvements, and signs owned or leased by FRANCHISEE and used by the Mainstream Boutique Business (including fire and extended coverage) with limits equal to at least "replacement" cost or any other property-related insurance required in the Manual.

10.5 OTHER INSURANCE. FRANCHISEE will, at its sole cost and expense, procure and maintain all other insurance required by state or federal law, including workers' compensation insurance for its employees, together with all insurance required under any lease, mortgage, deed of trust or other legal contract in connection with FRANCHISEE's Mainstream Boutique Business. FRANCHISEE will, at its sole cost and expense, also procure cyber liability insurance, with coverage limits as specified in the Manual, as well as any additional insurance required by MAINSTREAM, as specified in the Manual.

10.6 EVIDENCE OF COVERAGE; ANNIVERSARY DATE. All insurance companies providing coverage to FRANCHISEE must be licensed in the state where coverage is provided. FRANCHISEE will provide MAINSTREAM with certificates of insurance and endorsements evidencing the required insurance coverage no later than the date FRANCHISEE commences operation of its Business and will provide, immediately upon expiration, change or cancellation, new certificates of insurance to MAINSTREAM.

10.7 MAINSTREAM'S RIGHTS; DISCLAIMERS. All insurance policies procured and maintained by FRANCHISEE pursuant to this Article will name MAINSTREAM and its affiliates and their respective officers, directors, and employees as an additional insured, will contain primary and non-contributory endorsements by the insurance companies waiving all rights of subrogation against MAINSTREAM, and will stipulate that MAINSTREAM will receive copies of all notices of cancellation, nonrenewal, or coverage reduction or elimination at least thirty (30) days prior to the effective date of such cancellation, nonrenewal or coverage change. FRANCHISEE's obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that MAINSTREAM may maintain, nor does FRANCHISEE's procurement of required insurance relieve FRANCHISEE of liability under the indemnity obligations described in Article 11. FRANCHISEE's insurance procurement obligations under this Article are separate and independent of FRANCHISEE's indemnity obligations. MAINSTREAM does not represent or warrant that any insurance that FRANCHISEE is requires to purchase will provide adequate coverage for FRANCHISEE. The requirements of insurance specified in this Agreement are for MAINSTREAM's protection. FRANCHISEE should consult with its own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by MAINSTREAM. MAINSTREAM may periodically, with prior written notice to FRANCHISEE, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

10.8 DEFENSE OF CLAIMS. All liability insurance policies procured and maintained by FRANCHISEE will require the insurance companies to provide and pay for legal counsel to defend any legal actions, lawsuits or claims brought against FRANCHISEE, MAINSTREAM and their respective officers, directors and employees.

ARTICLE 11
INDEPENDENT CONTRACTORS; INDEMNIFICATION

11.1 INDEPENDENT CONTRACTORS. MAINSTREAM and FRANCHISEE are each independent contractors and, as a consequence, neither party is the agent, legal representative, partner, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any reason. Neither party will independently obligate the other to any third parties. FRANCHISEE will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of MAINSTREAM or represent that their relationship is other than that of Franchisor and Franchisee. Neither MAINSTREAM nor FRANCHISEE will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

11.2 INDEMNIFICATION. MAINSTREAM will not be obligated to any person or entity for damages arising out of, from, in connection with, or as a result of FRANCHISEE's negligence or the operation of FRANCHISEE's Mainstream Boutique Business. FRANCHISEE will indemnify and hold MAINSTREAM harmless against all claims, lawsuits, damages, obligations, liability, actions, judgments and costs, including, without limitation, costs for attorneys' fees, arising out of, from, as a result of, or in connection with FRANCHISEE's or any other party's negligence, the operation of FRANCHISEE's Mainstream Boutique Business or any business conducted by FRANCHISEE pursuant to this Agreement. MAINSTREAM will have the absolute right to defend any claim made against it that results from or arises out of FRANCHISEE's Mainstream Boutique Business.

11.3 SURVIVAL. The indemnification and other obligations contained in this Article will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

ARTICLE 12
FINANCIAL STATEMENTS; WEEKLY REPORTS; FORMS AND ACCOUNTING; TAXES

12.1 WEEKLY AND MONTHLY REPORTS. FRANCHISEE will maintain an accurate written record of daily Net Revenues for FRANCHISEE's Mainstream Boutique Business and FRANCHISEE will remit a statement of the weekly Net Revenues generated by, at, as a result of, or from FRANCHISEE's Mainstream Boutique Business using such forms as MAINSTREAM may prescribe in writing. FRANCHISEE will also maintain an accurate record of each item of clothing and accessories sold at the Retail Location and during each Show conducted by FRANCHISEE, its employees or its independent contractors and FRANCHISEE will remit a report of the items sold using such forms as MAINSTREAM may prescribe in writing. The weekly statement of Net Revenues and the Business sales reports must be certified in writing as accurate by FRANCHISEE and will be provided to MAINSTREAM on or before Thursday of each week for the preceding week in the form prescribed by MAINSTREAM. The monthly report on inventory and other Mainstream Boutique Business information must be provided in the form specified by MAINSTREAM.

12.2 FINANCIAL STATEMENTS. FRANCHISEE will provide MAINSTREAM with a monthly income statement and annual financial statements for FRANCHISEE's Mainstream Boutique Business which will consist of a balance sheet, income statement, statement of cash flows and explanatory footnotes. All monthly income statements provided to MAINSTREAM for FRANCHISEE's Mainstream Boutique Business will be prepared using the computer software prescribed by MAINSTREAM, presented in the exact form and format prescribed by MAINSTREAM in writing and will be categorized according to the chart of accounts prescribed by MAINSTREAM. FRANCHISEE's annual financial statements must be certified in writing as accurate by FRANCHISEE's President or Chief Financial Officer, or if FRANCHISEE is not a corporation, then by FRANCHISEE's Managing Partner, Chief Manager, Chief Operating Officer or Chief Financial Officer. FRANCHISEE's monthly income statements will be delivered to MAINSTREAM by FRANCHISEE within thirty (30) days after the end of the month and the annual financial statements will be delivered within ninety (90) days of FRANCHISEE's fiscal year end.

12.3 TAX RETURNS; PAYMENT OF TAXES. FRANCHISEE will be responsible and liable for filing all required tax returns and for the prompt payment of all federal, state, city and local taxes payable in connection with FRANCHISEE's Business. MAINSTREAM will have no liability for these or any other taxes and FRANCHISEE will indemnify MAINSTREAM for any such taxes that may be assessed or levied against MAINSTREAM which arise or result from FRANCHISEE's Mainstream Boutique Business. Within ninety (90) days after FRANCHISEE's fiscal year end, FRANCHISEE will furnish MAINSTREAM with signed copies of FRANCHISEE's annual federal, and if applicable, state income tax returns and copies of any other federal, state or local tax returns filed by FRANCHISEE, together with proof that FRANCHISEE has paid all federal and state income and sales taxes due.

12.4 REIMBURSEMENT OF MAINSTREAM FOR TAXES. In the event any "franchise" or other tax (other than income taxes) which is based upon the Net Revenues, receipts, sales, business activities or operation of FRANCHISEE's Business is imposed upon MAINSTREAM by any taxing authority, then FRANCHISEE will reimburse MAINSTREAM in an amount equal to the amount of such taxes and related costs imposed upon and paid by MAINSTREAM. FRANCHISEE will be notified in writing when MAINSTREAM is entitled to reimbursement for the payment of such taxes and, in that event, FRANCHISEE will pay MAINSTREAM the amount specified in the written notice within ten (10) days of receipt of the written notice.

12.5 MAINSTREAM'S AUDIT RIGHTS. FRANCHISEE and its accountants will make all of their books, ledgers, work papers, accounts, bank statements, tax returns, sales tax returns, sales receipts and financial records pertaining to FRANCHISEE's Business and any Personal Guarantors' personal tax returns

("books and financial records") available to MAINSTREAM. FRANCHISEE will allow MAINSTREAM or its authorized representatives to access FRANCHISEE's Retail Location and Business office, without prior notice, during regular business hours or at all times to inspect, audit, photocopy, and videotape FRANCHISEE's business operations and records, and to interview the Business' employees and current and prospective clients. Instead of or in addition to the foregoing, FRANCHISEE will, upon written request, make photocopies of all records MAINSTREAM requests and forward them to MAINSTREAM or its authorized representatives at such address as designated in writing at FRANCHISEE's cost. The books and financial records for each fiscal year will be kept in a secure place by FRANCHISEE and will be available for audit by MAINSTREAM for at least the preceding five (5) years. FRANCHISEE will provide MAINSTREAM with adequate facilities to conduct the audit at either FRANCHISEE's business address or at FRANCHISEE's accountants' offices. If an audit by MAINSTREAM reveals any deficiencies, then FRANCHISEE will, within five (5) days after receipt of an invoice from MAINSTREAM indicating the amounts owed, pay MAINSTREAM any deficiency in Continuing Fees or other amounts owed to MAINSTREAM, together with interest as provided for herein. If an audit by MAINSTREAM results in a determination that FRANCHISEE's Net Revenues were understated by more than two percent (2%), or that FRANCHISEE has underpaid the weekly Continuing Fees by more than Five Hundred Dollars ($500) in any twelve (12)-month period, then FRANCHISEE will, in addition to paying any deficiency in Continuing Fees, Advertising Fund Contributions, costs of products purchased from MAINSTREAM or other amounts due to MAINSTREAM, reimburse MAINSTREAM for all costs and expenses (including salaries of MAINSTREAM's employees, travel costs, room and board, and audit fees) that MAINSTREAM has incurred as a result of the audit, including any fees paid to its accountants to conduct the audit. FRANCHISEE will reimburse MAINSTREAM for such costs and expenses within ten (10) days of receipt of an invoice from MAINSTREAM indicating the amount owed as a result of the audit. FRANCHISEE's failure or refusal to produce the books and financial records for audit by MAINSTREAM in accordance with this Article 12.5 will constitute a material breach of this Agreement and will be grounds for the immediate termination of this Agreement by MAINSTREAM.

12.6 WAIVER BY FRANCHISEE. MAINSTREAM will have the right, without notice to, or further approval of or authorization by FRANCHISEE, to provide all vendors that supply any products, goods or services to FRANCHISEE with copies of FRANCHISEE's: (A) initial application and all financial information that was provided to MAINSTREAM in conjunction with such application; (B) most recent financial information provided to MAINSTREAM; and (C) most recent annual financial statements provided to MAINSTREAM. MAINSTREAM will also have the right to obtain credit reports maintained by credit reporting agencies regarding FRANCHISEE and the right to review the books and records maintained by the vendors or suppliers that supply products, goods or services to FRANCHISEE regarding the purchase made by FRANCHISEE. This Agreement will serve as evidence of MAINSTREAM's right to review such information and will constitute the authority from FRANCHISEE for credit reporting agencies, vendors and suppliers to provide such information to MAINSTREAM.

12.7 DISCLOSURE OF FINANCIAL INFORMATION. MAINSTREAM will have the right, without notice to, or further approval of or authorization by FRANCHISEE, to disclose Net Revenues, costs, and other financial information relating to FRANCHISEE's Mainstream Boutique Business to regulators, potential franchisees and other third parties, provided that the financial information is combined with financial information from similar Mainstream Boutique® franchisees or is otherwise disclosed in a manner that protects the integrity of FRANCHISEE's confidential information by disclosure without specifically identifying FRANCHISEE's Business.

ARTICLE 13
MAINSTREAM'S RIGHT OF FIRST REFUSAL TO PURCHASE

13.1 NOTICE OF PROPOSED SALE. FRANCHISEE will not sell, pledge, assign, trade, transfer, lease, sublease, or otherwise dispose of any interest in (A) FRANCHISEE's Mainstream Boutique Business, (B) this Agreement, or (C) any capital stock or other ownership interest in FRANCHISEE, to any party without first offering the same to MAINSTREAM by written notice that contains all material terms and conditions of the proposed sale or transfer, including price and payment terms. In the event of a bona fide offer from such third party, FRANCHISEE shall obtain from the third-party offeror and deliver to MAINSTREAM a statement in writing, signed by the offeror and by FRANCHISEE, of the terms of the offer. In the event the proposed transfer results from a change in control of FRANCHISEE, or FRANCHISEE's insolvency or the filing of any petition by or against FRANCHISEE under any provisions of any bankruptcy or insolvency law, FRANCHISEE first shall offer to sell to MAINSTREAM FRANCHISEE's interest in this Agreement. Unless otherwise agreed to in writing by MAINSTREAM and FRANCHISEE, the purchase price for MAINSTREAM's purchase of assets in the event of a transfer that occurs by a change in control or insolvency or bankruptcy filing shall be established by a qualified appraiser selected by the parties. Within ten (10) business days after receipt by MAINSTREAM of the proposed price and terms of the proposed sale (or such longer period as is reasonably necessary if an appraiser is involved), MAINSTREAM will give FRANCHISEE written notice which will either waive its right of first refusal to purchase or will state an interest in negotiating to purchase according to the proposed terms. If MAINSTREAM commences negotiations to purchase FRANCHISEE's Business as set forth herein, then FRANCHISEE may not sell the business or assets to a third party for at least sixty (60) days or until MAINSTREAM and FRANCHISEE agree in writing that the negotiations have terminated, whichever comes earlier. If MAINSTREAM waives its right to purchase, then FRANCHISEE will have the right to complete the sale or transfer of the Business according to the terms set forth in the written notice to MAINSTREAM; however, any such sale, transfer or assignment to a third party is expressly subject to the terms and conditions set forth in Article 14 of this Agreement. If FRANCHISEE does not consummate the sale to a third party upon the terms and conditions previously presented to MAINSTREAM in writing, but negotiates a sale price with a third party that is lower or on different terms than the stated price or terms presented to MAINSTREAM, then the modified offer must be recommunicated or made to MAINSTREAM by FRANCHISEE. MAINSTREAM will give FRANCHISEE written notice within fifteen (15) business days thereafter which will state whether or not it is interested in purchasing the Business according to the proposed new terms. This provision will not apply to the assignment or pledge of any of the assets described above (with the exception of this Agreement) by FRANCHISEE to a bank, financial institution or other lender in connection with providing financing for the leasehold improvements, furniture, fixtures, supplies, inventory and equipment used in, or operating funds for, FRANCHISEE's Mainstream Boutique Business.

13.2 COMPLIANCE WITH AGREEMENT. FRANCHISEE's obligations under this Agreement, including its obligations to pay the Continuing Fees, the Advertising Fund Contributions and to operate as a Mainstream Boutique Business, will in no way be affected or changed because of MAINSTREAM's nonacceptance of FRANCHISEE's written offer to purchase FRANCHISEE's Business or assets, and, as a consequence, the terms and conditions of this Agreement will remain in full force and effect. Any sale, transfer or assignment of the Business or assets of FRANCHISEE's Mainstream Boutique Business that does not include assignment of this Agreement to the transferee will constitute a wrongful termination of this Agreement.

ARTICLE 14
ASSIGNMENT

14.1 ASSIGNMENT BY MAINSTREAM. This Agreement may be unilaterally assigned and transferred by MAINSTREAM without FRANCHISEE's approval or consent, and will inure to the benefit of MAINSTREAM's successors and assigns. MAINSTREAM will provide FRANCHISEE with written notice of any such assignment or transfer.

14.2 ASSIGNMENT BY FRANCHISEE TO CONTROLLED ENTITY OR IMMEDIATE FAMILY MEMBERS. If FRANCHISEE is an individual or a partnership, this Agreement may be transferred or assigned by FRANCHISEE, without first offering it to MAINSTREAM pursuant to Article 13, to (i) a corporation, limited liability company or other similar entity which is owned or controlled (controlled, for purposes of this Agreement, means ownership of at least fifty-one percent (51%) of the issued and outstanding capital stock, membership interests or other similar ownership interests) by FRANCHISEE or (ii) FRANCHISEE's spouse or children ("Immediate Family Members"), provided that: (A) FRANCHISEE and each transferee owner (including shareholders, members or Immediate Family Members, as the case may be) sign the personal guaranty and agreement to be bound by the terms and conditions of this Agreement attached as Exhibit B hereto; (B) FRANCHISEE furnishes prior written proof to MAINSTREAM substantiating that each transferee owner will be financially able to perform all of the terms and conditions of this Agreement; (C) none of the transferee owners owns, operates, franchises, develops, manages or controls any business that is in any way competitive with a Mainstream Boutique business; and (D) in the event of a transfer or assignment to an Immediate Family Member, the person must successfully complete MAINSTREAM's training program, at FRANCHISEE's expense, and, in MAINSTREAM's reasonable judgment, must be qualified from a managerial and financial standpoint to operate the Mainstream Boutique Business in an economic and business-like manner. FRANCHISEE will give MAINSTREAM fifteen (15) days' written notice prior to the proposed date of assignment or transfer of this Agreement to an owned or controlled entity of FRANCHISEE or an Immediate Family Member; however, the transfer or assignment of this Agreement will not be valid or effective until MAINSTREAM has received the legal documents which its legal counsel deems necessary to properly and legally document the transfer or assignment of this Agreement as provided herein.

14.3 SELLING OWNERS SUBJECT TO COVENANT NOT TO COMPETE. Any owner of FRANCHISEE that sells or assigns his or her ownership interest in FRANCHISEE will continue to be subject to provisions of Article 18 of this Agreement after the sale or assignment.

14.4 ASSIGNMENT UPON DEATH OR DISABILITY OF INDIVIDUAL FRANCHISEE. If FRANCHISEE is an individual, then this Agreement may be assigned, transferred or bequeathed by FRANCHISEE to any designated person or beneficiary without first being offered to MAINSTREAM pursuant to Article 13 upon his or her death or permanent disability. However, the assignment of this Agreement to the transferee, assignee or beneficiary of FRANCHISEE will not be valid or effective until MAINSTREAM has received the properly executed legal documents which its legal counsel deems necessary to properly and legally document the transfer, assignment or bequest of this Agreement, and until the transferee, assignee or beneficiary agrees to be unconditionally bound by the terms and conditions of this Agreement and to personally guarantee the performance of FRANCHISEE's obligations under this Agreement.

14.5 APPROVAL OF TRANSFER; CONDITIONS FOR APPROVAL. The rights granted to FRANCHISEE, including the Business or the Business Assets, or any ownership interest in the FRANCHISEE, pursuant to this Agreement may be assigned or transferred by FRANCHISEE only with the prior written approval of MAINSTREAM. MAINSTREAM will not unreasonably withhold its consent to any such transfer provided that FRANCHISEE and the transferee Franchisee comply with the following

conditions: (A) FRANCHISEE has complied in all respects with Article 13 of this Agreement; (B) all of FRANCHISEE's monetary obligations due to MAINSTREAM have been paid in full, and FRANCHISEE is not otherwise in default under this Agreement; (C) FRANCHISEE has executed a written agreement in a form satisfactory to MAINSTREAM in which FRANCHISEE agrees to observe all applicable obligations and covenants contained in this Agreement; (D) the transferee Franchisee and its owners agree to be personally liable to discharge all of FRANCHISEE's obligations under this Agreement, and will enter into a written agreement in a form satisfactory to MAINSTREAM assuming and agreeing to discharge all of FRANCHISEE's obligations and covenants under this Agreement; (E) the transferee Franchisee has demonstrated to MAINSTREAM's satisfaction that he, she or it meets MAINSTREAM's managerial, financial and business standards for new Franchisees, possesses a good business reputation, moral character and credit rating, and possesses the aptitude and ability to conduct the franchised business (as may be evidenced by prior related business experience or otherwise); (F) the transferee Franchisee and all parties having a legal or beneficial interest in the transferee Franchisee including, if applicable, the owners and Personal Guarantors of the transferee Franchisee have executed MAINSTREAM's then-current standard Franchise Agreement for a term ending on the expiration date of this Agreement and such other ancillary agreements as MAINSTREAM may require for the transfer of FRANCHISEE's Business; (G) the transferee Franchisee has successfully completed the training program(s) prescribed by MAINSTREAM; (H) FRANCHISEE has paid the transfer fee required under Article 14.6; and (I) the transferee Franchisee does not own, operate, franchise, develop, manage or control any business that is in any way competitive with a Mainstream Boutique business. MAINSTREAM may expand upon, and provide more details related to, the conditions for transfer and MAINSTREAM's consent as described in this Article, and may do so in the Manual or otherwise in writing.

14.6 TRANSFER FEE. If, pursuant to the terms of this Article 14, the rights granted to FRANCHISEE in this Agreement are assigned, transferred or bequeathed to another person or entity, or if FRANCHISEE's owners transfer over fifty percent (50%) of their capital stock or other form of ownership interest to another person or entity, then FRANCHISEE will pay MAINSTREAM a transfer fee of Twenty Thousand Dollars ($20,000).

ARTICLE 15
MAINSTREAM'S TERMINATION RIGHTS

15.1 DEFAULTS. FRANCHISEE will be in default under this Agreement if: (A) FRANCHISEE fails to commence operations of its Mainstream Boutique Business within ninety (90) days of the date FRANCHISEE executes its lease; or (B) FRANCHISEE violates any material provision, term or condition of this Agreement including, but not limited to, failure to timely pay any Continuing Fees or other fees to MAINSTREAM, failure to conform to the Business System or failure to timely pay suppliers. In certain circumstances, MAINSTREAM may provide FRANCHISEE with a performance improvement plan in which FRANCHISEE agrees to certain performance improvement metrics and the failure to meet the performance improvement plan criteria may constitute default and result in immediate termination.

15.2 NOTICE OF BREACH. Except as provided for in Article 15.4 and Article 15.5 of this Agreement, MAINSTREAM will not have the right to terminate this Agreement unless and until written notice setting forth the alleged breach has been given to FRANCHISEE by MAINSTREAM and FRANCHISEE fails to correct the alleged breach within the period of time specified by applicable law. If applicable law does not specify a time period to correct an alleged breach, then FRANCHISEE will have thirty (30) days after having been given such written notice to correct the alleged breach. If FRANCHISEE fails to correct the alleged breach set forth in the written notice within the applicable period of time, then this Agreement may be terminated by MAINSTREAM as provided for in this Agreement.

15.3 NOTICE OF TERMINATION. If MAINSTREAM has complied with the notice provisions of this Article and FRANCHISEE has not corrected the alleged breach set forth in the written notice within the time period specified in this Article, then MAINSTREAM will have the absolute right to terminate this Agreement by giving FRANCHISEE written notice stating to FRANCHISEE that this Agreement is terminated, and in that event, unless applicable law provides to the contrary, the effective date of termination of this Agreement will be the day such written notice is given.

15.4 GROUNDS FOR IMMEDIATE TERMINATION. MAINSTREAM will have the absolute right, unless prohibited by applicable law, to immediately terminate this Agreement if: (A) FRANCHISEE or any of its partners, Directors, officers or majority owners is convicted of, or pleads guilty or no contest to, a charge of violating any law relating to FRANCHISEE's Mainstream Boutique Business, or any felony; (B) FRANCHISEE voluntarily or otherwise abandons, as defined herein, FRANCHISEE's Mainstream Boutique Business; (C) FRANCHISEE is involved in any act or conduct which materially impairs the goodwill associated with MAINSTREAM's Marks or Business System, and FRANCHISEE fails to correct such act or conduct within twenty-four (24) hours of receipt of written notice from MAINSTREAM; (D) FRANCHISEE is determined to be insolvent within the meaning of any state or federal law, files for bankruptcy or is adjudicated a bankrupt under any state or federal law; (E) FRANCHISEE makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (F) FRANCHISEE fails or refuses to produce its books and financial records for audit by MAINSTREAM in accordance with Article 12.5; or (G) FRANCHISEE willfully and materially falsifies any report, statement, or other written data furnished to MAINSTREAM either during the franchise application process or after FRANCHISEE is awarded a franchise.

15.5 NOTICE OF IMMEDIATE TERMINATION. If this Agreement is terminated by MAINSTREAM pursuant to Article 15.4 above, MAINSTREAM will give FRANCHISEE written notice that this Agreement is terminated, and in that event, unless applicable law provides to the contrary, the effective date of termination of this Agreement will be the day such written notice is given.

15.6 LETTER OF CREDIT. If FRANCHISEE breaches this Agreement by failing to timely pay any of its uncontested obligations or liabilities due and owing to suppliers, then MAINSTREAM will have the right to require FRANCHISEE to provide a Letter of Credit to the supplier in order to correct the breach.

15.7 OTHER REMEDIES. Nothing in this Article or this Agreement will preclude MAINSTREAM from seeking other damages or remedies under common law, state or federal laws or this Agreement against FRANCHISEE including, but not limited to, attorneys' fees, costs, expenses, interest and injunctive relief.

ARTICLE 16
FRANCHISEE'S TERMINATION RIGHTS

16.1 DEFAULTS. MAINSTREAM will be in default under this Agreement if MAINSTREAM violates any material provision, term or condition of this Agreement.

16.2 NOTICE OF BREACH. FRANCHISEE will not have the right to terminate this Agreement unless and until written notice setting forth the alleged breach has been given to MAINSTREAM by FRANCHISEE and MAINSTREAM fails to commence the actions necessary to correct the alleged breach within thirty (30) days after having been given such written notice. If MAINSTREAM fails to commence the actions necessary to correct the alleged breach as provided herein within thirty (30) days after having been given such written notice, then this Agreement may be terminated by FRANCHISEE as provided for in this Agreement.

16.3 WAIVER. FRANCHISEE must give MAINSTREAM immediate written notice of an alleged breach or violation of this Agreement after FRANCHISEE has knowledge of, determines, or is of the opinion that there has been an alleged breach or violation of this Agreement by MAINSTREAM. If FRANCHISEE fails to give written notice to MAINSTREAM as provided for herein of an alleged breach or violation of this Agreement within one (1) year from the date that FRANCHISEE has knowledge of, determines, is of the opinion that, or becomes aware of facts and circumstances reasonably indicating that FRANCHISEE may have a claim under any state law, federal law or common law because there has been an alleged breach by MAINSTREAM, then the alleged breach or violation will be deemed to be condoned, approved and waived by FRANCHISEE, the alleged breach or violation will not be deemed to be a breach or violation of this Agreement by MAINSTREAM, and FRANCHISEE will be barred from commencing any legal or other action against MAINSTREAM for that alleged breach or violation.

ARTICLE 17
FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

17.1 OBLIGATIONS UPON TERMINATION. In the event this Agreement expires or is terminated for any reason, then FRANCHISEE will: (A) within five (5) days after expiration or termination, pay all Continuing Fees, Advertising Fund Contributions, and other amounts due and owing to MAINSTREAM under this Agreement or any other contract, promissory note or other obligation payable by FRANCHISEE to MAINSTREAM and its affiliates (B) within five (5) days after expiration or termination, deliver to MAINSTREAM by first class prepaid United States mail or by electronic delivery, as applicable, all copies of the Manual, customer lists and all information (including names of corporate contact persons, all telephone numbers, email addresses, and all other information MAINSTREAM requests) respecting any accounts (including Protected Accounts), advertising materials and all other printed or electronic materials pertaining to FRANCHISEE's Mainstream Boutique Business; (C) promptly deliver to MAINSTREAM copies of all outstanding purchase orders for inventory to be provided by a MAINSTREAM affiliate, including Mac and Me, LLC and MB.com, LLC, cancel any other outstanding third party vendor or supplier orders related to FRANCHISEE's Mainstream Boutique Business and pay any outstanding amounts due to such vendors and suppliers; and (D) immediately transfer to MAINSTREAM or its designee, all account information for Social Media Sites and any other online accounts related to FRANCHISEE's Mainstream Boutique Business; (E) immediately cancel or transfer to MAINSTREAM or its designee, as MAINSTREAM directs, all other accounts associated with FRANCHISEE's Mainstream Boutique Business, including but not limited to: the POS system, credit card processing, loyalty program, gift card program, E-Commerce Platform (if applicable), music streaming services, and e-mail marketing services; (F) remove from the Retail Location and from any vehicles used in FRANCHISEE's Business all signs, posters, fixtures, decals, coverings and other materials that are distinctive of a Mainstream Business or bear the Marks; and (G) comply with all other applicable provisions of this Agreement.

17.2 TERMINATION OF RIGHT TO USE MARKS AND CONFIDENTIAL INFORMATION. Upon expiration or termination of this Agreement for any reason, FRANCHISEE's right to use the name Mainstream Boutique®, the other Marks and the Business System will terminate immediately and Franchisee (and the Personal Guarantors) will not in any way associate themselves as being associated with MAINSTREAM. If FRANCHISEE fails to remove all signs and other materials bearing the Marks, MAINSTREAM may do so at FRANCHISEE's expense. Furthermore, upon expiration or termination of this Agreement for any reason, FRANCHISEE will immediately cease using confidential information (as described in Article 7) and return to MAINSTREAM (or, at MAINSTREAM's option, destroy or electronically delete) all electronic or hard-copy documents in MAINSTREAM's possession that contain confidential information.

17.3 ALTERATION OF FRANCHISEE'S BUSINESS. If this Agreement expires or is terminated for any reason or if FRANCHISEE ever ceases operating as a Mainstream Boutique Business, and

FRANCHISEE either remains in possession of the premises of the former Mainstream Boutique Business to operate a separate business not in violation of Section 18.2 below or enters into an agreement with a third party to allow such third party to directly operate a business at the premises of the former Mainstream Boutique Business, then FRANCHISEE will, at its expense, remove all Mainstream Boutique signs, displays and any other distinctive internal or external characteristics from the Retail Location and other equipment used by FRANCHISEE in its Mainstream Boutique Business so that they will be easily distinguished from the standard appearance of Mainstream Boutique® businesses. If FRANCHISEE fails to immediately initiate modifications to the premises of the former Retail Location or completes such modifications with any period of time MAINSTREAM deems appropriate, FRANCHISEE agrees that MAINSTREAM or its designated agents may enter the premises of the former Retail Location to make such modifications, at FRANCHISEE's risk and expense, without responsibility for any actual or consequential damages to FRANCHISEE's property or others, and without liability for trespass or other tort or criminal act.

17.4 TRANSFER OF TELEPHONE AND EMAIL LISTINGS. FRANCHISEE must assign, in writing, on instruments approved in advance by MAINSTREAM, all rights to each of the telephone numbers and email addresses for FRANCHISEE's Business to MAINSTREAM, such assignment to be effective upon termination of this Agreement. Assignment of such telephone numbers and email addresses must occur when FRANCHISEE attends MAINSTREAM's training program. Upon termination or expiration of this Agreement, MAINSTREAM will have the absolute right to notify the telephone company and all listing agencies of the termination or expiration of FRANCHISEE's right to use all telephone numbers and all classified and other directory listings for FRANCHISEE's Mainstream Boutique Business or otherwise placed under the name Mainstream Boutique®, and to authorize the telephone company and all listing agencies to transfer to MAINSTREAM or its assignee all telephone numbers and directory listings for FRANCHISEE's Mainstream Boutique Business. FRANCHISEE acknowledges that MAINSTREAM has the absolute right and interest in and to all telephone numbers, email addresses and directory listings associated with the Marks, and FRANCHISEE hereby authorizes MAINSTREAM to direct the telephone company and all listing agencies to transfer all of FRANCHISEE's telephone numbers and directory listings to MAINSTREAM or its assignee if this Agreement expires or is terminated for any reason whatever. The telephone company and all listing agencies will accept this Agreement as evidence of the exclusive rights of MAINSTREAM to such telephone numbers and directory listings. This Agreement will constitute FRANCHISEE's authorization for the telephone company and listing agencies to transfer the telephone numbers and directory listings for FRANCHISEE's Mainstream Boutique Business to MAINSTREAM, and will constitute a release of the telephone company and listing agencies by FRANCHISEE from any and all claims, actions and damages that FRANCHISEE may at any time have the right to allege against them in connection with this Article 17.

17.5 RIGHT OF MAINSTREAM TO PURCHASE BUSINESS ASSETS. If this Agreement expires or is terminated by either MAINSTREAM or FRANCHISEE for any reason whatsoever, or if FRANCHISEE wrongfully terminates this Agreement by failing to comply with Article 16 or otherwise, then MAINSTREAM will have the right, but not the obligation, to purchase the then-usable supplies, inventory, fixtures and equipment, and all other assets that are required by MAINSTREAM for a standard Mainstream Boutique business and owned by FRANCHISEE in its Mainstream Boutique Business (the "Business Assets"). MAINSTREAM will not purchase any assets from FRANCHISEE that are not part of the standard Mainstream Boutique business. FRANCHISEE must give MAINSTREAM written notice listing the cost of each one of the Business Assets. If MAINSTREAM and FRANCHISEE cannot agree on the price of the Business Assets, then the price will be the fair market value of such assets and either party will have the right to demand that the fair market value of the Business Assets be determined by an independent appraiser MAINSTREAM selects. FRANCHISEE and MAINSTREAM will split the cost of such appraisal. The appraiser will not consider any value for goodwill associated with the name Mainstream Boutique®, for going concern value in determining the fair market value of the Business Assets since the

right of purchase granted to MAINSTREAM pursuant to this provision applies only after this Agreement has expired or has been terminated, or FRANCHISEE has ceased doing business. MAINSTREAM will have the right, but not the obligation, to purchase any or all of the Business Assets from FRANCHISEE for cash within fifteen (15) business days after the fair market value of the Business Assets has been established by the Arbitrator in writing. Nothing in this Article will prohibit MAINSTREAM from enforcing the terms and conditions of this Agreement, including the covenants not to compete contained in Article 18.

ARTICLE 18
FRANCHISEE'S COVENANTS NOT TO COMPETE

18.1 IN-TERM COVENANT NOT TO COMPETE. FRANCHISEE, FRANCHISEE's owners and the Personal Guarantors will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, partner, officer, director or owner of any other person, firm, entity, partnership, limited liability company or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that is in any way competitive with (including, but not limited to, over the internet) the Mainstream Boutique businesses operated by MAINSTREAM or MAINSTREAM's franchisees, except with the prior written consent of MAINSTREAM.

18.2 POST-TERM COVENANT NOT TO COMPETE. FRANCHISEE, FRANCHISEE's owners and the Personal Guarantors will not, for a period of two (2) years after the termination or expiration of this Agreement, on their own account or as an employee, independent contractor, agent, consultant, partner, officer, director or owner of any other person, firm, entity, partnership, limited liability company or corporation: (A) divert or attempt to divert any business, Protected Account or customers of the Business or of any other Mainstream Boutique business to any competing business; or (B) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that is in any way competitive with (including, but not limited to, over the internet), or attempts to provide services to, the Mainstream Boutique businesses conducted by MAINSTREAM or MAINSTREAM's franchisees, which is located (i) within a twenty-five (25)-mile radius of FRANCHISEE's Retail location; (ii) within a twenty-five (25)-mile radius of any other Mainstream Boutique businesses operated by MAINSTREAM or any of MAINSTREAM's franchisees pursuant to any franchise, development, license or other territorial agreement; or (iii) over the internet. FRANCHISEE, FRANCHISEE's owners and the Personal Guarantors expressly agree that the two (2)-year period, the internet and the geographical limits are the reasonable and necessary to protect MAINSTREAM and MAINSTREAM's franchisees if this Agreement expires or is terminated for any reason, and that this covenant not to compete is necessary to permit MAINSTREAM the opportunity to resell and/or develop a new Mainstream Boutique business at or in the area surrounding the Designated Territory. FRANCHISEE agrees that the length of time in this Article 18.2 will be tolled for any period during which FRANCHISEE is in breach of the covenants or any other period during which MAINSTREAM seeks to enforce this Agreement.

18.3 INJUNCTIVE RELIEF. FRANCHISEE, FRANCHISEE's owners, and the Personal Guarantors agree that the provisions of this Article are necessary to protect the legitimate business interests of MAINSTREAM and MAINSTREAM's franchisees. FRANCHISEE, FRANCHISEE's owners, and the Personal Guarantors acknowledge that damages alone cannot adequately compensate MAINSTREAM if there is a violation of this Article by FRANCHISEE and that injunctive relief against FRANCHISEE is essential for the protection of MAINSTREAM and MAINSTREAM's franchisees. FRANCHISEE, FRANCHISEE's owners and the Personal Guarantor agree therefore, that if MAINSTREAM alleges that FRANCHISEE, FRANCHISEE's owners or the Personal Guarantors have breached or violated this Article, then MAINSTREAM will have the right to petition a Court of competent jurisdiction for injunctive relief

against FRANCHISEE, FRANCHISEE's owners or the Personal Guarantors, in addition to all other remedies that may be available to MAINSTREAM at law or in equity in accordance with Article 20.1.

ARTICLE 19
ARBITRATION

19.1 DISPUTES SUBJECT TO ARBITRATION. Except as expressly provided to the contrary in this Agreement, all disputes and controversies between MAINSTREAM and FRANCHISEE and their officers, directors and owners or partners and the Personal Guarantors, including allegations of fraud, misrepresentation or violation of any state or federal laws or regulations, arising under, as a result of, or in connection with this Agreement or FRANCHISEE's Mainstream Boutique Business will be submitted to binding arbitration (the "Arbitration") under the authority of the Federal Arbitration Act and will be arbitrated in accordance with the then-current Commercial Rules and Regulations of the American Arbitration Association (the "Commercial Rules").

19.2 VENUE AND JURISDICTION. All Arbitration hearings will take place exclusively in Minneapolis, Minnesota. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

19.3 SELECTION AND POWERS OF ARBITRATOR. A single arbitrator shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking and ranking method. The arbitrator must have at least five (5) years' experience in franchise law. The parties each shall bear all of their own costs of arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The authority of the Arbitrator will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this Agreement. The Federal Rules of Evidence (the "Rules") will apply to all Arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any Arbitration hearing must comply in all respects with the Rules. The Arbitrator will not have the authority or right to add to, delete, amend or modify in any manner the terms, conditions and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for Arbitration, and the Arbitrator will not have the authority to decide any other issues. The Arbitrator will not have the right or authority to award punitive damages to MAINSTREAM or FRANCHISEE or their officers, directors, owners or partners and Personal Guarantors. All findings, judgments, decisions and awards by the Arbitrator will be final and binding on MAINSTREAM and FRANCHISEE. The written decision of the Arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any Court of competent jurisdiction by either party.

19.4 NO CLASS ACTIONS. No party except MAINSTREAM, FRANCHISEE, and their officers, directors, owners or partners, and Personal Guarantors will have the right to join in any Arbitration proceeding arising under this Agreement, and, therefore, the Arbitrator will not be authorized to permit or approve class actions or to permit any person or entity that is not a party to this Agreement to be involved in or to participate in any Arbitration hearings conducted pursuant to this Agreement.

19.5 DISPUTES NOT SUBJECT TO ARBITRATION. The disputes and controversies between MAINSTREAM and FRANCHISEE which are set forth in Article 20.1 and the following disputes and controversies between MAINSTREAM and FRANCHISEE will not be subject to Arbitration: (A) any dispute involving the Marks or which arises under or as a result of Article 3 of this Agreement; (B) any dispute involving immediate termination of this Agreement pursuant to Articles 15.4 and 15.5 of this Agreement; (C) any dispute involving enforcement of the confidentiality provisions set forth in Article 7

of this Agreement; and (D) any dispute involving enforcement of the covenants not to compete set forth in Article 18 of this Agreement.

ARTICLE 20
ENFORCEMENT

20.1 INJUNCTIVE RELIEF. In addition to the provisions of Article 19.5, MAINSTREAM will have the right to petition a Court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (A) FRANCHISEE's improper or unauthorized use of the Marks and the Business System; (B) the obligations of FRANCHISEE upon termination or expiration of this Agreement; (C) the transfer or assignment of this Agreement, the franchised Business or substantially all of the assets employed in the franchised Business, or the ownership interests of FRANCHISEE; (D) FRANCHISEE's violation of the provisions of this Agreement relating to confidentiality and covenants not to compete; and (E) any act or omission by FRANCHISEE or FRANCHISEE's employees that, (1) constitutes a violation of any applicable law, ordinance or regulation, (2) is dishonest or misleading to customers of FRANCHISEE's Mainstream Boutique Business or other Mainstream Boutique businesses, (3) constitutes a danger to the employees, public or customers of FRANCHISEE's Mainstream Boutique Business, or (4) may impair the goodwill associated with the Marks and the Business System. In any action brought under this provision where MAINSTREAM prevails against FRANCHISEE, FRANCHISEE will indemnify MAINSTREAM for all costs that it incurs in any such proceedings including, without limitation, attorneys' fees actually incurred, expert witness fees, costs of investigation, court costs, travel and living expenses, and all other costs incurred by MAINSTREAM. Unless provided to the contrary by applicable law, MAINSTREAM will be entitled to obtain injunctive relief without the posting of any bond or security.

20.2 SEVERABILITY. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by MAINSTREAM is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

20.3 WAIVER. Acceptance by MAINSTREAM of any payment by FRANCHISEE and the failure, refusal or neglect of MAINSTREAM to exercise any right under this Agreement or to insist upon full compliance by FRANCHISEE of its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure, will not constitute a waiver by MAINSTREAM of any provision of this Agreement. MAINSTREAM will have the right to waive obligations or restrictions for other franchisees under their Franchise Agreements without waiving those obligations or restrictions for FRANCHISEE and, except to the extent provided by law, MAINSTREAM will have the right to negotiate terms and conditions, grant concessions and waive obligations for other franchisees of MAINSTREAM without granting those same rights to FRANCHISEE and without incurring any liability to FRANCHISEE whatsoever.

20.4 VENUE AND JURISDICTION. Unless otherwise required under applicable law, all Arbitration hearings, litigation, court hearings or other hearings initiated by either party against the other party must

and will be venued exclusively in Minneapolis, Minnesota. FRANCHISEE, each of its officers, Directors and owners, and the Personal Guarantors: (A) acknowledge that Minneapolis, Minnesota is a mutually convenient location for the venue and conduct of any legal or enforcement proceedings; (B) do hereby agree and submit to personal jurisdiction in the State of Minnesota for the purposes of any Arbitration hearings, litigation, court hearings or other hearings brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement, the Designated Territory or FRANCHISEE's Mainstream Boutique Business; and (C) do hereby agree and stipulate that any Arbitration hearings, litigation, court hearings and other hearings will be venued and held exclusively in Minneapolis, Minnesota, and waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

20.5 AGREEMENT BINDING ON HEIRS AND ASSIGNS. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

20.6 JOINT AND SEVERAL LIABILITY. If FRANCHISEE consists of more than one person, their liability under this Agreement will be deemed to be joint and several.

20.7 ENTIRE AGREEMENT. This Agreement supersedes and terminates all prior agreements relating to the operation of a Mainstream Boutique Business by FRANCHISEE, either oral or in writing, between the parties and therefore, any representations, inducements, promises or agreements between the parties not contained in this Agreement or not in writing signed by the President or a Vice President of MAINSTREAM and FRANCHISEE will not be enforceable. The preambles are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between MAINSTREAM and FRANCHISEE relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations MAINSTREAM made in the Franchise Disclosure Document MAINSTREAM provided to FRANCHISEE.

20.8 HEADINGS; TERMS. The headings of the Articles and the provisions thereof are for convenience only and do not define, limit or construe the contents of such Articles. The term "FRANCHISEE" as used herein is applicable to one or more individuals, a corporation, a limited liability company or a partnership, as the case may be, and the singular usage includes the plural, and the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine. References to "FRANCHISEE," "assignee" and "transferee" which are applicable to an individual or individuals will mean the principal owner or owners of the equity or operating control of FRANCHISEE or any such assignee or transferee if FRANCHISEE or such assignee or transferee is a corporation or partnership. If FRANCHISEE consists of more than one individual, then all individuals will be bound jointly and severally by the terms and conditions of this Agreement. References to "Personal Guarantor" mean any person or entity who directly or indirectly owns an interest in FRANCHISEE (if FRANCHISEE is an entity). If any corporation or other entity other than a partnership is a Personal Guarantor, a "Personal Guarantor" also will mean a shareholder or owner of an interest in such corporation or other entity. If a partnership is a Personal Guarantor, a "Personal Guarantor" also will mean each general partner of such partnership and, if such general partner is an entity, each owner of an interest in such general partner. Each Personal Guarantor will sign the personal guaranty and agreement to be bound by the terms and conditions of this Agreement attached as Exhibit B hereto.

20.9 NO ORAL MODIFICATION. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement subscribed to by duly authorized officers or partners of FRANCHISEE and the President or a Vice President of MAINSTREAM. MAINSTREAM and FRANCHISEE will not have the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void in all respects.

20.10 GOVERNING LAW. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between MAINSTREAM and FRANCHISEE will be governed by the laws (statutory or otherwise) of the state in which the Retail Location is located, irrespective of any conflict of law provisions. FRANCHISEE waives, to the fullest extent permitted by law, the rights and protections provided by the franchise or business opportunity laws, statutes, or regulations of any state other than the state where the Retail Location is located. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by FRANCHISEE and MAINSTREAM.

20.11 PAYMENT OF COSTS AND EXPENSES. FRANCHISEE will pay all costs and expenses, including attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses actually incurred by MAINSTREAM in enforcing any term, condition or provision of this Agreement or in seeking to enjoin any violation of this Agreement by FRANCHISEE.

20.12 WAIVER OF PUNITIVE DAMAGES. FRANCHISEE AND MAINSTREAM AND THEIR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

20.13 RIGHT TO SEEK FUTURE LOST FEES. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT MAINSTREAM HAS THE RIGHT TO RECOVER FROM FRANCHISEE AND GUARANTOR(S) ALL FUTURE LOST CONTINUING FEES AND ADVERTISING FUND CONTRIBUTIONS THROUGH THE EXPIRATION DATE OF THE AGREEMENT IF THIS AGREEMENT IS TERMINATED BY MAINSTREAM DUE TO FRANCHISEE'S BREACH OF THIS AGREEMENT.**

20.14 **NOTICE OF POTENTIAL FRANCHISOR PROFIT**. MAINSTREAM advises FRANCHISEE that MAINSTREAM and/or MAINSTREAM'S affiliates periodically may make available to FRANCHISEE goods, products and/or services used or sold in the Mainstream Boutique Business through a supply chain program and that MAINSTREAM and/or its affiliates may profit from this supply chain program. MAINSTREAM further advises FRANCHISEE that MAINSTREAM and its affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, products or services to FRANCHISEE or in consideration for services provided or rights licensed to such suppliers and manufacturers. FRANCHISEE agrees that MAINSTREAM and its affiliates will be entitled to such profits and consideration.

20.14 **FORCE MAJEURE**. If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses reasonable best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

ARTICLE 21
NOTICES

All notices to MAINSTREAM will be in writing and will be made by personal service upon an officer or Director of MAINSTREAM or sent by prepaid registered or certified United States mail addressed to MAINSTREAM at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425 or such other

address as MAINSTREAM may designate in writing. All notices to FRANCHISEE will be by personal service upon FRANCHISEE or any employee of FRANCHISEE, (or, if applicable, an officer or Director of FRANCHISEE), sent by prepaid registered or certified United States mail addressed to FRANCHISEE at FRANCHISEE's business address or such other address as FRANCHISEE may designate in writing, by delivery to any employee of FRANCHISEE by a recognized overnight delivery service (such as Federal Express or UPS) which requires a written receipt of delivery from the addressee, or electronically to FRANCHISEE's email address provided to MAINSTREAM. Notice by mail is effective upon depositing the same in the mail in the manner provided above, notice by personal service is effective upon obtaining service, notice by overnight delivery service is effective upon delivery, or rejected delivery, by such delivery service, and notice sent electronically is effective upon sending.

ARTICLE 22
ACKNOWLEDGMENTS

22.1 OUR BUSINESS JUDGMENT. FRANCHISEE acknowledges and understands that whenever MAINSTREAM reserves or is deemed to have reserved rights in a particular area, or where MAINSTREAM agrees or is deemed to be required to exercise its rights reasonably or in good faith, MAINSTREAM will satisfy its obligations whenever it exercises reasonable business judgment in making its decision or exercising a right. A decision or action by MAINSTREAM will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if MAINSTREAM'S decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of MAINSTREAM'S. Neither FRANCHISEE nor any third party (including, without limitation, a trier of fact) may substitute its judgment for MAINSTREAM'S reasonable business judgment.

22.2 BUSINESS RISKS; NO FINANCIAL PROJECTIONS. FRANCHISEE acknowledges that it has conducted an independent investigation of the Mainstream Boutique Business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business and economic risks and that the financial and business success of the Business will be primarily dependent upon the personal efforts of FRANCHISEE, its employees and its independent contractors. MAINSTREAM expressly disclaims the making of, and FRANCHISEE acknowledges that it has not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential Net Revenues, profits, earnings, or the financial success of FRANCHISEE's Mainstream Boutique Business, except as expressly set forth in writing in MAINSTREAM's Franchise Disclosure Document, receipt of which is acknowledged by FRANCHISEE.

22.3 NO INCOME OR REFUND WARRANTIES. FRANCHISEE acknowledges that MAINSTREAM does not warrant or guarantee to FRANCHISEE that FRANCHISEE will derive income or profit from FRANCHISEE's Mainstream Boutique Business or that MAINSTREAM will refund all or part of the Initial Fee or the price paid for FRANCHISEE's Mainstream Boutique Business or repurchase any of the products, merchandise, furniture, fixtures, equipment, supplies or chattels supplied by MAINSTREAM or an approved supplier if FRANCHISEE is unsatisfied with its Mainstream Boutique Business.

22.4 TERMS OF OTHER FRANCHISES MAY DIFFER. FRANCHISEE acknowledges that other Franchisees of MAINSTREAM have or will be granted franchises at different times and in different situations, and further acknowledges that the terms and conditions of such franchises and the resulting Franchise Agreements may vary substantially in economics, form and in substance from those contained in this Agreement.

22.5 RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT. FRANCHISEE acknowledges that it received a copy of this Agreement with all material blanks fully completed (except as a result of negotiations FRANCHISEE initiated) at least seven (7) calendar days prior to the date that this Agreement was executed. FRANCHISEE further acknowledges that it received a Mainstream Boutique Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

ARTICLE 23
DEFINITIONS

For purposes of this Agreement, the following words will have the following definitions:

23.1 ABANDON. "Abandon" will mean the conduct of FRANCHISEE, including acts of omission as well as commission, indicating the willingness, desire or intent of FRANCHISEE to discontinue operating the franchised Business in accordance with the quality standards, uniform requirements and the Business System set forth in this Agreement and the Manual or having FRANCHISEE's Business or Retail Location closed for three consecutive days or more without notice and reasonable cause for the closure.

23.2 BUSINESS SYSTEM. "Business System" will mean the distinctive services and products which are associated with MAINSTREAM's trademarks, trade names, service marks, copyrights, interior and exterior building designs, slogans, signs, logos, commercial symbols and color combinations. "Business System" will include all of the uniform requirements, standards of quality and consistency, procedures, specifications, training, advertising and instructions promulgated by MAINSTREAM.

23.3 NET REVENUES. "Net Revenues" will mean the gross total dollar income of FRANCHISEE's Mainstream Boutique Business from all cash, credit, barter or charge sales of all merchandise, products and services sold or rendered in, upon, about or resulting from, in connection with or as a result of FRANCHISEE's Mainstream Boutique Business (including any sales through the E-Commerce Platform), and will include all sales, receipts and revenues, in any form and from any and all sources whatsoever, including sales made to employees and independent contractors of FRANCHISEE, less (A) the amount of discounts (up to the amounts for such discounts established by MAINSTREAM from time to time and set forth in the Manual) given to hosts, customers, employees and independent salespeople and (B) the amount of any product returns. This definition will be applicable regardless of whether such sales, receipts or revenues are produced or received by FRANCHISEE, by any permitted sublicensee, tenant, agent, employee, or vendor of FRANCHISEE, or by any other business associate or independent contractor of FRANCHISEE who or which is associated with FRANCHISEE in order to receive the benefits of the rights granted hereunder to FRANCHISEE. "Net Revenues" will not include any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales, if: (1) the amount of the tax is added to the selling price and is expressly charged to the customer; (2) a specific record is made at the time of each sale of the amount of such tax; and (3) the amount thereof is paid over to the appropriate taxing authority by FRANCHISEE.

23.4 SHOW. "Show" will mean the presentation of FRANCHISEE's products and services to its customers at the customer's residence, place of business, business function or event.

23.5 PROTECTED ACCOUNT. "Protected Account" will mean a Mainstream Boutique Show booked by a corporation or other entity to be conducted on the premises of a single location of a commercial business or at a regularly scheduled business function or event that is approved by MAINSTREAM. A Mainstream Boutique Show booked by an individual is not a Protected Account.

IN WITNESS WHEREOF, MAINSTREAM, FRANCHISEE and the owners of FRANCHISEE have respectively signed this Agreement effective as of the day and year first above written.

In the Presence of:

"MAINSTREAM"

Mainstream Fashions Franchising, Inc.

_____

By: _____

Its: _____

In the Presence of:

"FRANCHISEE"

_____

_____

By: _____

Its: _____

The undersigned individual owners of FRANCHISEE hereby agree to be bound by the terms and conditions of this Agreement.

In the Presence of:	Owners	Percentage of Ownership
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

The undersigned spouse(s) of the individual FRANCHISEE(S) hereby agree to be bound by the terms and conditions of this Agreement regarding confidentiality of information and covenants not to compete.

_____ _____

_____ _____

Print Name Print Name

EXHIBIT A

RETAIL LOCATION AND DESIGNATED TERRITORY

This Exhibit is attached to and is an integral part of the Mainstream Boutique® Franchise Agreement between FRANCHISEE and MAINSTREAM with an Effective Date of _____, 20__ (the "Franchise Agreement").

1. Initial Fee. FRANCHISEE must pay MAINSTREAM an Initial Fee of $_____ which is due and payable on the date of the Franchise Agreement, and is not refundable.

2. Approved Retail Location. FRANCHISEE and MAINSTREAM agree that the Retail Location will be located at the following premises: _____
_____
_____

3. Designated Territory. The Designated Territory will be the geographic area surrounding the approved Retail Location as shown on the map attached to this Exhibit A.

4. Retail Location Opening. Franchisee agrees to complete the development and open the Retail Location for business within _____ months after the date first stated above.

5. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

MAINSTREAM FASHIONS FRANCHISING, INC.

_____

By: _____

Title: _____

Date: _____

☆The Effective Date of this Agreement

FRANCHISEE

_____

By: _____

Title: _____

☆Date: _____

_____

By: _____

Title: _____

☆Date: _____

DESIGNATED TERRITORY MAP

ALTERNATIVE EXHIBIT A

RETAIL LOCATION (ALTERNATIVE)

This Exhibit is attached to and is an integral part of the Mainstream Boutique® Franchise Agreement between Franchisee and Company with an Effective Date of _____, 20__ (the "Franchise Agreement").

1. Initial Fee. FRANCHISEE must pay MAINSTREAM an Initial Fee of $_____ which is due and payable on the date of the Franchise Agreement, and is not refundable.

2. Area For Retail Location. Within one hundred eighty (180) days after the date of the Franchise Agreement, FRANCHISEE will select and obtain MAINSTREAM's acceptance of a location with the provisions of this Exhibit within the following described geographical area (the "Area"): _____

_____

_____

_____

3. Acceptance of Location and Retail Location Opening. To obtain MAINSTREAM's acceptance of the proposed Retail Location premises, FRANCHISEE must deliver to MAINSTREAM a complete site report (containing information MAINSTREAM requires) for the location at which FRANCHISEE proposes to establish and operate the Retail Location and which FRANCHISEE reasonably believes will satisfy the standardized site selection criteria established by MAINSTREAM. The proposed location is subject to MAINSTREAM's prior written acceptance, which will not be unreasonably withheld. In evaluating the proposed location, MAINSTREAM will consider matters it deems material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other Mainstream Boutique® locations, and other commercial characteristics, the purchase price or rental obligations and other lease terms for the proposed retail location, and the size of premises, appearance and other physical characteristics. Within thirty (30) days following MAINSTREAM's receipt of the complete site report and other materials MAINSTREAM requests, MAINSTREAM will accept or reject (in writing) the location proposed by FRANCHISEE for the Retail Location. FRANCHISEE ACKNOWLEDGES AND AGREES THAT MAINSTREAM'S ACCEPTANCE OF A PROPOSED LOCATION DOES NOT REPRESENT A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A MAINSTREAM BOUTIQUE BUSINESS. FRANCHISEE agrees to complete the development and open the Retail Location for business by _____.

4. Termination of Franchise Agreement. MAINSTREAM has the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to FRANCHISEE, if FRANCHISEE fails to obtain approval of a retail location for the Business within one hundred eighty (180) days after the date of the Franchise Agreement.

5. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

[signatures on next page]

MAINSTREAM FASHIONS FRANCHISING, INC.

_____

By: _____

Title: _____

Date: _____

☆The Effective Date of this Agreement

FRANCHISEE

_____

By: _____

Title: _____

☆Date: _____

_____

By: _____

Title: _____

☆Date: _____

EXHIBIT B

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by Mainstream Fashions Franchising, Inc., and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement and agree that this Personal Guarantee should be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon Mainstream's pursuit of any remedies against the Franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

Further, the parties agree the following sections of the Franchise Agreement apply to Guarantors and this Guaranty: Sections 20.3 (Waiver), 20.10 (Governing Law), 19.2 and 20.4 (Venue and Jurisdiction), 19.1 (Arbitration), 20.7 (Entire Agreement), 20.9 (Modifications), 20.11 (Attorneys' Fees), 11.3 (Survival), and 20.2 (Interpretation).

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of Mainstream's successors and assigns.

[*signature page to follow*]

FRANCHISEE: _____

PERSONAL GUARANTORS

_____	_____
Individually	Individually
_____	_____
Print Name	Print Name
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

EXHIBIT C
TO FRANCHISE AGREEMENT

LEASE ADDENDUM

LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between _____, Landlord and _____, Tenant.

Landlord and Tenant are parties to that certain Lease of even date (the Lease) covering the premises located at _____, which Tenant will use to operate a Mainstream Boutique® business under a Franchise Agreement between Tenant and Mainstream Fashions Franchising, LLC (Franchisor). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for a Mainstream Boutique® business and Tenant may offer for sale and sell at the premises only those products and services, which Franchisor approves.

2. Notice of Default. Landlord will provide Franchisor, by certified US mail or a recognized overnight delivery service at the address provided in Section 8 below, a minimum 30-day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the 30-day notice period described in Section 2 above, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant's rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor's written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Lease premises at reasonable times on not less than 24 hours' notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Lease premises for compliance with Franchisor's requirements, to remove from the Lease premises any items bearing Franchisor's marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

8. Notices. Any notices to Franchisor hereunder will be sent to:

MAINSTREAM FASHIONS FRANCHISING, INC.
7900 International Drive, Suite 515
Minneapolis, Minnesota 55425

9. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

10. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

LANDLORD:	TENANT:
_____	_____
By: _____	By: _____
Title:	Title:
_____	_____

EXHIBIT D
TO FRANCHISE AGREEMENT

FRANCHISEE QUESTIONNAIRE

As you know, Mainstream Fashions Franchising, Inc. (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Mainstream Boutique® franchised business (the "Franchise"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question.

QUESTION		YES	NO
1.	Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "disclosure document") provided to you?		
2.	Did you sign a receipt for the disclosure document indicating the date you received it?		
3.	Do you understand all of the information contained in the disclosure document?		
4.	Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?		
5.	Did you receive a copy of the Franchise Agreement at least seven calendar days before signing?		
6.	Do you understand the terms of and your obligations under the Franchise Agreement?		
7.	Have you discussed the benefits and risks of operating the Franchise with an attorney, accountant or other professional advisor?		
8.	Do you understand the risks associated with operating the Franchise?		
9.	Do you understand that the success or failure of the Franchise will depend in large part upon your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?		
10.	Do you understand that this franchise business may be impacted by other risks, including those outside your or Franchisor's control such as economic, political or social disruption?		
11.	Has any employee 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 Franchise that is contrary to, or different from, the information contained in the disclosure document?		

QUESTION		YES	NO
12.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchise will generate that is contrary to, or different from, the information contained in the disclosure document?		
13.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs involved in operating the Franchise that is contrary to, or different from, the information contained in the disclosure document?		
14.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Franchise that is contrary to, or different from, the information contained in the disclosure document?		
15.	Has any employee or other person speaking on behalf of the Franchisor made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Franchise that is contrary to, or different from, the information contained in the disclosure document?		

If you answered "Yes" to any of questions 11 through 15, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

_____

_____

_____

_____

You understand that your answers are important to Franchisor and that Franchisor will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

_____
FRANCHISE APPLICANT

DATE: _____, _____

_____
FRANCHISE APPLICANT

DATE: _____, _____

EXHIBIT E
TO FRANCHISE AGREEMENT

STATE ADDENDA

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Minneapolis, Minnesota with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

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

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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

Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

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.

[Sgnature Page Follows.]

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

FRANCHISOR: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

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

FRANCHISOR: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____ Its: Date: _____	By: _____ Its: Date: _____

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

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

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

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.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA

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:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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."
>
> No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

2. The following two sections apply to any Franchise Agreement entered into after June 30, 2026:

a. Section 18.2 of the Franchise Agreement is modified to provide that the post-term covenant not to compete will not apply to FRANCHISEE following termination or expiration of the Franchise Agreement.

b. Section 20.10 of the Franchise Agreement is amended to provide that the Franchise Agreement will be governed by the laws of the Commonwealth of Virginia.

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

4. 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: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ADDENDUM TO MAINSTREAM BOUTIQUE®
FRANCHISE AGREEMENT
FOR THE STATE OF WISCONSIN

This Addendum shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law.

1. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, Article 15 pertaining to "MAINSTREAM's Termination Rights" shall be amended to include the following:

> "For all franchises sold in the State of Wisconsin, MAINSTREAM shall provide FRANCHISEE at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, or substantial change in competitive circumstances and shall provide that FRANCHISEE has 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice shall be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, FRANCHISEE shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice at the option of MAINSTREAM."

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between FRANCHISOR and FRANCHISEE inconsistent with the Law.

FRANCHISOR: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

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MANUAL'S TABLE OF CONTENTS

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Total Pages: 250 pages

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D: STATE AGENCY EXHIBIT

STATE ADMINISTRATORS AND
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 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
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
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st 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	Insurance Commissioner North Dakota Insurance & Securities Department	600 East Boulevard Avenue Bismarck, ND 58505-0510 701-328-2910
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, 9th 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
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E: STATE ADDENDA TO FDD (INCLUDING FORM RELEASE OF CLAIMS)

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

OUR WEBSITE, www.mainstreamboutique.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

The **Special Risks to Consider About *This* Franchise** page, is hereby amended to include the following risk factor:

Personal Guaranty. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your home, if your franchise fails.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934 , 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Minneapolis, Minnesota with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. The following is inserted after the third paragraph under the sub-heading "Risk Factors" at the cover page of this disclosure document:

> The Risk Factors set forth above may be affected by Illinois law, 815 ILCS §§ 705/4 and 705/41.

2. The following paragraphs are inserted at the end of **Item 17**:

> Illinois law governs the Franchise Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

3. 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.

4. By reading this disclosure document, you are <u>not</u> agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

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

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of $30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the 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.

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.

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. The following information is added to the cover page of the Franchise Disclosure Document.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SERVICE OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

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

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

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

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 following two sections apply to any Franchise Agreement entered into after June 30, 2026:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

ADDENDUM TO
MAINSTREAM BOUTIQUE® DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17.

For all franchises sold in the State of Wisconsin, Mainstream will provide you at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

FORM RELEASE OF CLAIMS

THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT. THIS FORM IS SUBJECT TO CHANGE OVER TIME.

For and in consideration of the Agreements and covenants described below, Mainstream Fashions Franchising, Inc. ("Mainstream" or "Franchisor"), _____ ("Franchisee") and _____ ("Guarantors") enter into this Release of Claims ("Agreement").

RECITALS

A. Mainstream and Franchisee entered into a Mainstream Franchise Agreement dated _____, 20__.

B. [NOTE: Describe the circumstances relating to the release.]

AGREEMENTS

1. **Consideration**. [NOTE: Describe the consideration paid.]

2-3. [NOTE: Detail other terms and conditions of the release.]

4. **Release of Claims.**

A. Definitions.

1. Mainstream Parties: Mainstream Fashions Franchising, Inc., Mainstream Fashions, Inc., and each of their respective past and present officers, directors, attorneys, affiliates, agents, employees, shareholders, successors and assigns.

2. Franchisee Parties: Franchisee and each of the Guarantors, and each of their heirs, executors, administrators, trustees, agents, partners, employees, affiliates, attorneys, successors and assigns.

B. The Franchisee Parties release and forever discharge the Mainstream Parties of and from any and all past, present, and future claims, demands, obligations, actions and causes of action at law or in equity, whether arising by statute, common law, or otherwise, including claims for negligence, that they may now have, hereafter have, or claim to have, that arise out of or relate to the franchise relationship, the development or operation of any franchised store, the sale of any franchise, or any franchise or development agreement between Franchisor and Franchisee.

C. The Franchisee Parties hereto specifically and expressly contemplate that this release of claims covers all of their claims, including those known and unknown claims for known and unknown injuries and/or damages, and those for expected and unexpected consequences.

5. **General**. No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of _____ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and

understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

"MAINSTREAM":

MAINSTREAM FASHIONS FRANCHISING, INC.

_____

By: _____

Its: _____

"FRANCHISEE":

_____

By: _____

Its: _____

_____

By: _____

Its: _____

PERSONAL GUARANTORS:

_____

_____

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F: LIST OF FRANCHISEES

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2025

Owner Name	Address	City	State	Zip	Phone Number
Karen France	1049 Cochrane Road Suite 100	Morgan Hill	CA	95037	(408) 718-1163
Brooke Garcia	6235 South Main Street	Aurora	CO	80016	(303) 627-5467
Dyann Powell	872 Happy Canyon Rd	Castle Pines	CO	80108	(720) 612-4334
Jill Dojka	11232 Sullivan St.	Riverview	FL	33578	(516) 457-1657
Bethany Thompson and Mariella Sajkowski	140 Little Cypress Fr Ste. 105	St Johns	FL	32259	(904) 252-6899
*Brooke and Nick Jensen		Cape Coral	FL		(612) 770-1137
Seanna Pocklington	9345 6 Mile Cypress Pkwy	Fort Myers	FL	33966	(612) 770-1137
Brooke Jensen and Cindy Schwartz	2355 Vanderbilt Beach Road, Suite 168	Naples	FL	34109	(239) 431-6034
Michelle Scheid	1450 Vintage PKWY	Ankeny	IA	50023	(515) 289-2184
Fiona Gill	2340 E Lincoln Hwy	New Lenox	IL	60451	(815) 735-5826
Cathleen Jackson	215 S Walnut St	Bloomington	IN	47404	(812) 325-1342
Becky Glaser	4110 Jefferson Point Ste D-10	Fort Wayne	IN	46804	(260) 432-9116
Melissa King	40 N Washington St #4	Oxford	MI	48371	(248) 572-4971
Cindy Schuplin	11520 S Saginaw	Grand Blanc	MI	48439	(810) 603-7819
Dawn Reinke	460 Lake Dr. #140	Chanhassen	MN	55317	(952) 934-3725
Rochelle Peterson Dawn Lippert	2211 1st St S	Willmar	MN	56201	(320 441-2218

Owner Name	Address	City	State	Zip	Phone Number
Laura Factor	1901 Madison Ave East	Mankato	MN	56001	(507) 384-5275
Katherine Kramp and Kerry Kramp	15501 Grove Circle N	Maple Grove	MN	55369	(763) 315-0812
Danielle Broscoff and Nate Broscoff	14025 Highway #13	Savage	MN	55378	(952) 440-4020
Camille Williams	5805 Neal Avenue North	Stillwater	MN	55082	(651) 351-2802
Kelly Arcand	4729 Highway 61	White Bear Lake	MN	55110	(651) 209-6790
Barb Zahasky	833 Washington Ave	Detroit Lakes	MN	56501	(281) 844-4990
Carrie Van Beusekom	7523 France Ave	Edina	MN	55435	(952) 303-4530
Elizabeth Sobolik*		Eagan	MN		(651) 592-7691
Connie Sauer and Brad Sauer	679 Winnetka Ave N.	Golden Valley	MN	55427	(763) 545-2969
Kris Anvid and RyAnna Clark	5094 Miller Trunk Hwy Ste. 100	Hermantown	MN	55811	(218) 729-4642
Anne Bunkers and Michael Wilhelmi	750 Main St #113	Mendota Heights	MN	55118	(651) 686-2850
Dyana Doherty	803 1st St. SE	New Prague	MN	56071	(952) 758-4150
Kimberly and Thomas Olson	506 Division Street	Northfield	MN	55057	(507) 366-6786
Pamela Graika and Michelle Nicolay	1635 County Road C West	Roseville	MN	55113	(651) 636-1221
Alycia Kocina and Tonya Pomije	761 Marketplace Drive	Waconia	MN	55387	(952) 442-4201
Anne Bunkers and Michael Wilhelmi	7774 Hargis Pkway	Woodbury	MN	55125	(651) 739-8111
Dawn Talley	7314 Waverly Walk Ave., Suite E-5	Charlotte	NC	28277	(704) 844-8248
Dawn Gullickson and Kristie Schwan	2 South Main St. #101	Minot	ND	58701	(701) 837-7711
Doreen Kilde	931 S. Washington St #3	Bismarck	ND	58504	(701) 751-0203
Katie and Brian Fitzgerald*	7668 Middleton Dr.	Middleton	FL	34762	(352) 321-4105

Owner Name	Address	City	State	Zip	Phone Number
Stephanie Pulkrabek	4600 32nd Ave	Fargo	ND	58104	(701) 356-6684
Linda Bunde	2712 South Columbia Rd #100	Grand Forks	ND	58201	(701) 757-2003
Lori Avallone and Greg Avallone	11358 Montgomery Rd	Cincinnati	OH	45249	(513) 300-7575
Barb Mucci	93 First St	Hudson	OH	44241	(330) 353-1198
Barb Mucci and Erica Sutton	1977 E. Maple St. Suite I	North Canton	OH	44720	(234) 209-9219
Tess Strickland and Craig Wright	130 N Broadway Ste. 120	Edmond	OK	73034	(405) 285-2212
Ashley Almendares	20325 Route 19, Unit 17	Cranberry Township	PA	16066	(724) 591-8077
Barb Mucci*			OH		(330) 353-1198
Kathy Thomas	27 S. Pleasantburg Dr	Greenville	SC	29607	(864) 248-0152
Anastasia Stone	7851 El Dorado Parkway	Dallas	TX	75201	(817) 889-1404
Susan Bauermiester	5801 Long Prairie Rd.	Flower Mound	TX	75028	(972)539-4800
Erica and Richard Paxton	20222 Champion Forest Dr., Ste. 300	Spring	TX	77379	(281) 257-0186
Erica and Richard Paxton	3091 College Park Dr #193	The Woodlands	TX	77384	(936) 231-8609
Gina Mitchell and Genie Meuse	600 Franklin Ave	Waco	TX	76701	(254) 300-8054
Carla Boris	125 2nd St S.	Hudson	WI	54016	(715) 716-6500
Sue Scheer	15638 County Road B	Hayward	WI	54843	(715) 934-5115
Christi Newell and Alayna Newell	727 N 8th Street	Sheboygan	WI	53081	(920) 912-3236
Christi Newell and Alayna Newell	3023 Milton Ave #171	Janesville	WI	53545	(608) 314-9495
Dianna Fiergola	1506 9th Street	Menomonie	WI	54751	(715) 309-2246
Jeanette Dvorak	159 North Broadway	Milwaukee	WI	53202	(414) 273-1720

* Indicates a franchisee which has signed a Franchise Agreement, but has not yet opened their store, as reflected in Item 20, Table 5.

LIST OF FORMER FRANCHISEES

The following franchisees left the system in the fiscal year ended December 31, 2025:

Previous Franchisee Name(s)	City	State	Last Known Phone Number
Laura Ringgenberg	Castle Pines	CO	(720) 612-4334
Amanda and Penny McKeller	New Lenox	IL	(815) 735-5826
Michelle Dement	Crestwood	KY	(501) 779-1414
Samantha and JW Holmes	Spring	TX	(281)257-0186
Wanda Radford	Shawnee	OK	(405) 414-0049
Rebecca Paliswat	North Canton	OH	(234) 209-9219
Trish Lake and Taylor Bracco	Fargo	ND	(701) 356-6684
Kellee Nightengale	Forest Lake	MN	(651) 464-2525
Dana Dunton	Sheboygan	WI	(920) 912-3236
Layton Barnard	Lancaster	PA	(717) 945-6022
James and Brandy Clavijo	Franklin	TN	(615) 435-3059
Brenda Vien	Hendersonville	TN	(615) 592-7691
Kimberly Bentzen Tabbert	Onalaska	WI	(608) 519-5522
Blair Greer	Grand Blanc	MI	(810) 603-7819
Jana Bjork	Blaine	MN	(763) 780-5155
Kris Anvid	Cloquet	MN	(218) 879-5544

MAINSTREAM BOUTIQUE®
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G: DEVELOPMENT AGREEMENT

MAINSTREAM FASHIONS FRANCHISING, INC.

AREA DEVELOPMENT AGREEMENT

Mainstream Fashions Franchising, Inc.
7900 International Drive, Suite 515
Minneapolis, Minnesota 55425
612-249-8448

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EXHIBITS

A - DESIGNATED AREA

B - DEVELOPMENT SCHEDULE

C - PERSONAL GUARANTY AGREEMENT

D - MAINSTREAM FRANCHISE AGREEMENT

E - STATE ADDENDA

MAINSTREAM FASHIONS FRANCHISING, INC. AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this _____ day of _____, 20__ between Mainstream Fashions Franchising, Inc., a Minnesota corporation with its principal business located at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425 ("MAINSTREAM"), and _____, a _____ formed and operating under the laws of the State of _____, or _____ an individual, with a principal place of business at _____ ("FRANCHISEE"). If FRANCHISEE is a corporation, partnership, limited liability company or other legal entity, certain provisions of this Agreement also apply to your owners.

RECITALS

A. MAINSTREAM is the Franchisor of a proprietary business system for operating retail clothing businesses of a distinctive character under the name "Mainstream Boutique®" pursuant to certain required and recommended practices;

C. MAINSTREAM grants to qualified persons the right to establish, own and operate more than one Mainstream Boutique® franchised business within a defined geographic area, pursuant to a development schedule.

D. FRANCHISEE desires to obtain the right to develop and operate multiple businesses using MAINSTREAM's Business System and Marks, within a defined geographic area.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. REFERENCES AND DEFINITIONS

A. Business System. "Business System" means the distinctive services and products which are associated with the Marks and the uniform requirements, standards of quality and consistency, procedures, specifications, training, copyrighted materials, advertising, and instructions promulgated by MAINSTREAM for businesses operated under the Marks.

B. Confidential Information. "Confidential Information" means confidential or proprietary information, knowledge and know-how concerning the methods of operation of a Mainstream Boutique® business, which may be communicated to FRANCHISEE through MAINSTREAM franchise operations manual(s) or otherwise, or of which FRANCHISEE may be apprised by virtue of this Agreement or a Franchise Agreement. Any and all information, knowledge and know-how including, without limitation, vendor and supplier lists, customers lists, drawings, materials, equipment, technology, methods, procedures, specifications, techniques, computer programs, systems and other data which MAINSTREAM designates as confidential or proprietary will be deemed Confidential Information for purposes of this Agreement.

C. Designated Area. "Designated Area" means the geographic area described in Exhibit A.

D. Development Schedule. "Development Schedule" means the period of time and cumulative number of Retail Locations FRANCHISEE must open and operate, as established in the Development Schedule (Exhibit B to this Agreement).

E. Franchise Agreement. "Franchise Agreement" means the then-current form of agreements (including the franchise agreement and any exhibits, and other documents referenced therein) that MAINSTREAM customarily uses in granting a franchise to own and operate a Retail Location. FRANCHISEE acknowledges that the Franchise Agreement attached as Exhibit D is our current form of Franchise Agreement and MAINSTREAM, at its discretion, may modify the standard form of Franchise Agreement customarily used in granting a Mainstream Boutique® franchise.

F. Marks. "Marks" means the name "Mainstream Boutique®" and certain other trademarks, trade names, service marks, slogans, logos, commercial symbols, building designs, and color combinations, that MAINSTREAM designates for use in connection with retail clothing businesses operated in conformity with the Business System.

F. Principal. "Principal" means FRANCHISEE or, if FRANCHISEE is an entity, each person who is an owner of FRANCHISEE (including all proprietors, partners, and shareholders), or who otherwise controls FRANCHISEE, or who is an officer, director, manager, or member of FRANCHISEE, and all personal guarantors of this Agreement.

2. DEVELOPMENT RIGHTS AND OBLIGATIONS

A. Term of Agreement/Reservation of Rights. Subject to earlier termination as provided herein, this Agreement is for a term commencing on the date executed and expiring on the date that the last Franchise Agreement is required to be executed by FRANCHISEE under the Development Schedule. MAINSTREAM (for itself and its affiliates) retains the right to: (i) operate, or to grant other persons the right to operate, Mainstream Boutique® businesses at locations outside of the Designated Area; (ii) sell the goods and services authorized for sale at Mainstream Boutique® businesses under trademarks and service marks other than the Marks, through similar or dissimilar channels of distribution at any location; (iii) advertise and sell the goods and services authorized for sale at Mainstream Boutique® businesses under the Marks through dissimilar channels of distribution, including by electronic means such as the internet (or any other existing or future forms of electronic commerce), online retail platforms, email marketing, or other digital marketing, and to create, operate, maintain and modify or discontinue the use of a website using the Marks; and (iv) operate, or grant other persons the right to operate Mainstream Boutique® businesses selling Mainstream Boutique® products and services to customers within and outside the Designated Area through direct sales.

B. Rights During Development Periods. If FRANCHISEE: (i) is in full compliance with the conditions contained in this Agreement, including the satisfaction of all development obligations as stated in Exhibit B; and (ii) is in full compliance with all obligations under each franchise agreement entered into between MAINSTREAM and FRANCHISEE for individual Retail Locations; then, during the Development Schedule, MAINSTREAM will: (i) grant franchises to FRANCHISEE to own and operate Retail Locations located within the Designated Area; and (ii) not operate (directly or through an affiliate), nor grant a franchise to a third party to operate, any Mainstream Boutique® business within the Designated Area, except franchises granted to FRANCHISEE. If FRANCHISEE fails to comply with the Development Schedule, MAINSTREAM may terminate this Agreement under Section 12 below or grant individual or multiple unit franchises within the Designated Area to third parties.

C. Development Obligations. During the term of this Agreement, FRANCHISEE will honestly and diligently perform its obligations and continuously exert its best efforts to promote and enhance the development of the Retail Locations within the Designated Area. FRANCHISEE agrees to open and continue to operate the cumulative number of Retail Locations as required in the Development Schedule.

D. Extension Fee. If FRANCHISEE cannot comply with the Development Schedule, FRANCHISEE may request in writing that MAINSTREAM approves an extension of up to six (6) months of the time in which FRANCHISEE must sign a Franchise Agreement for a Retail Location. FRANCHISEE must pay us a nonrefundable extension fee of One Thousand Five Hundred Dollars ($1,500) when it requests an extension to sign the Franchise Agreement for any Retail Location under the Development Schedule. If MAINSTREAM grants such an extension, the extension will be limited to the period permitted by MAINSTREAM not to exceed six (6) months. FRANCHISEE will not receive more than one (1) extension per every two Retail Locations required to be developed under the Development Schedule.

3. BUSINESS CLOSINGS

A Retail Location which is permanently closed with the approval of MAINSTREAM after having been open is deemed open and in operation for purposes of the Development Schedule if a replacement Retail Location is open and in operation within six (6) months from the date of closing. A replacement Retail Location does not otherwise count toward quotas.

4. GRANT OF FRANCHISES TO FRANCHISEE

Subject to the provisions of Sections 2 and 3 of this Agreement, MAINSTREAM agrees to grant franchises to FRANCHISEE to operate Retail Locations located in the Designated Area under the following conditions:

A. Site Selection. FRANCHISEE is solely responsible for securing a site for each Retail Location that MAINSTREAM has approved as described further in each Franchise Agreement. FRANCHISEE must submit to MAINSTREAM all information that MAINSTREAM may require for the proposed Retail Location premises, as described in the Franchise Agreement.

B. Financial Capability Criteria. FRANCHISEE meets the standard financial capability criteria developed by MAINSTREAM. To this end, FRANCHISEE must furnish to MAINSTREAM financial statements and other information regarding FRANCHISEE and the development and operation of the proposed Retail Location (including investment and financing plans for the proposed Retail Location) as MAINSTREAM reasonably requires.

C. Franchise Agreement. FRANCHISEE (and its Principals, if any) must sign the Franchise Agreement for a specific Retail Location (other than the Franchise Agreement for its initial Retail Location) and return it to MAINSTREAM prior to the date listed in the Development Schedule. FRANCHISEE will sign the initial Franchise Agreement at the time FRANCHISEE signs this Agreement.

5. DEVELOPMENT FEE

Upon execution of this Agreement, FRANCHISEE must pay to MAINSTREAM, as a nonrefundable "Development Fee," equal to $40,000 for its first Retail Location (assuming FRANCHISEE is not an existing franchisee of MAINSTREAM) and $20,000 for each additional Retail Location that FRANCHISEE agrees to establish pursuant to the Development Schedule (with $10,000 of that $20,000 due at signing of this Agreement). If FRANCHISEE is already an existing Mainstream Boutique® franchisee in good standing at the time of this Agreement, the Development Fee for the first Retail Location to be established by FRANCHISEE under the Development Schedule will be $18,000, instead of $40,000. The Development Fee is deemed fully earned by MAINSTREAM upon execution of this Agreement and is nonrefundable. The Development Fee for each Retail Location is credited against the applicable initial franchise fee for each Retail Location FRANCHISEE agrees to establish under the Development Schedule. The remaining portion of the applicable initial franchise fee for each Retail Location FRANCHISEE agrees

to establish under the Development Agreement is due when FRANCHISEE signs the Franchise Agreement for such Retail Location. The number of Retail Locations that FRANCHISEE commits to open and the initial fee amount for each Franchise Agreement are on the Development Schedule.

6. SUPERIORITY OF INDIVIDUAL FRANCHISE AGREEMENT

All individual Franchise Agreements that MAINSTREAM and FRANCHISEE sign for Retail Locations within the Designated Area are independent of this Agreement. The continued effectiveness of any individual Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises between this Agreement and any individual Franchise Agreement as to any individual Retail Location, the terms of the individual Franchise Agreement will control.

7. CONFIDENTIAL INFORMATION

A. Ownership and Use of Confidential Information. FRANCHISEE acknowledges and agrees that it does not acquire any interest in the Confidential Information, other than the right to use it in developing and operating Retail Locations pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. FRANCHISEE acknowledges and agrees that the Confidential Information is proprietary and is a trade secret of MAINSTREAM and is disclosed to FRANCHISEE solely on the condition that FRANCHISEE agrees that it: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (iv) will adopt and implement all reasonable procedures MAINSTREAM directs to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to FRANCHISEE employees; and (v) will require each of FRANCHISEE Principals, officers, and other employees and agents with access to Confidential Information to sign a non-disclosure agreement in a form MAINSREAM directs or approves.

The restrictions on FRANCHISEE disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent FRANCHISEE is legally compelled to disclose this information, if FRANCHISEE uses its best efforts, and provides MAINSTREAM the opportunity, to obtain an appropriate protective order or other assurance satisfactory to MAINSTREAM of confidential treatment for the information required to be so disclosed.

B. Improvements. If FRANCHISEE, its Principals, or employees develop any new concept, technique, idea, process or improvement concerning the Retail Location or evolution of the Business System or any other program or service MAINSTREAM authorizes, whether or not protectable property, FRANCHISEE agrees to promptly notify MAINSTREAM and provide to MAINSTREAM all necessary related information, without compensation. FRANCHISEE acknowledges that any concept, technique, idea, process or improvement becomes MAINSTREAM's property and FRANCHISEE agrees to assign all rights to MAINSTREAM without compensation. MAINSTREAM may use or disclose the information to other franchisees as MAINSTREAM determines appropriate.

8. MARKS

A. Ownership of Marks. FRANCHISEE acknowledges that it has no interest in or to the Marks and its right to use the Marks is derived solely from the individual Franchise Agreements entered into between FRANCHISEE and MAINSTREAM. MAINSTREAM agrees that all use of the Marks by FRANCHISEE and any goodwill established exclusively benefits MAINSTREAM. FRANCHISEE agrees that after termination or expiration of this Agreement, FRANCHISEE will not, except with respect to Retail

Locations operated by MAINSTREAM under individual Franchise Agreements, directly or indirectly, identify FRANCHISEE or any business as a franchisee or former franchisee of, or otherwise associated with, MAINSTREAM or use in any manner any Mark or trade dress of a Retail Location or any colorable imitation thereof.

B. Limitations on Use of Marks. FRANCHISEE must not use any Mark as part of any corporate or trade name in any modified form, or in any other manner not explicitly authorized in writing by us. FRANCHISEE cannot use any Mark in any business or activity, other than the business conducted by FRANCHISEE pursuant to individual Franchise Agreements.

C. Litigation. FRANCHISEE must immediately notify MAINSTREAM in writing of any apparent infringement of or challenge to FRANCHISEE use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark, or service mark of which FRANCHISEE becomes aware. FRANCHISEE must not communicate with any person other than MAINSTREAM and its counsel regarding any infringement, challenge or claim. MAINSTREAM may take any action it deems appropriate and MAINSTREAM has the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark.

9. MANAGEMENT OF BUSINESS

FRANCHISEE (or if FRANCHISEE are a legal entity, a Principal) or an approved manager must exert full-time efforts to FRANCHISEE obligations respecting this Agreement and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility or time commitments. FRANCHISEE (or a Principal), or an approved manager must supervise the development and operation of Retail Locations and must be engaged in the day-to-day operations of any Retail Location. FRANCHISEE (or a Principal) or approved manager must attend any training programs MAINSTREAM designates. FRANCHISEE must operate FRANCHISEE business respecting this Agreement in full compliance with all applicable laws, ordinances and regulations.

10. FRANCHISEE RECORDS AND REPORTS

FRANCHISEE must furnish to MAINSTREAM monthly written reports regarding your progress on the development of Retail Locations. In addition, FRANCHISEE must keep accurate financial records and other records relating to the development and operation of Retail Locations in the Designated Area. MAINSTREAM may at all reasonable hours examine and make photocopies of all such records or request that FRANCHISEE deliver, at its expense, such records to MAINSTREAM.

11. RELATIONSHIP OF THE PARTIES

MAINSTREAM and FRANCHISEE are each independent contractors and, as a consequence, neither party is the agent, legal representative, partner, subsidiary, joint venturer, employee, joint employer or servant of the other for any reason. Neither party will independently obligate the other to any third parties. FRANCHISEE will not have the right to and will not make any agreements, representations or warranties in the name of or on behalf of MAINSTREAM or represent that their relationship is other than that of Franchisor and Franchisee. Neither MAINSTREAM nor FRANCHISEE will be obligated by or have any liability to the other under any agreements or representations made by the other to any third parties.

FRANCHISEE acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of ours will have any liability for (i) any of our obligations or liabilities relating to or arising from this Agreement,

(ii) any claim against MAINSTREAM based on, in respect of, or by reason of, the relationship between FRANCHISEE and MAINSTREAM, or (iii) any claim against MAINSTREAM based on any alleged unlawful act or omission of MAINSTREAM.

12. TERMINATION BY US

A. Your Defaults – Curable. FRANCHISEE will be in default and MAINSTREAM may terminate this Agreement, effective sixty (60) days following the date of our issuance of a written notice of default, if any of the following breaches occur and FRANCHISEE fails to cure such breach by the expiration of the notice period:

1. FRANCHISEE fails to meet your development requirements described in the Development Schedule;

2. FRANCHISEE fails to comply with any other provision of this Agreement; or

3. FRANCHISEE fails to comply with the provisions of any Franchise Agreement for the operation of a Retail Location.

B. FRANCHISEE Defaults – Non-curable. In addition to the rights of termination described in Section 12(A) above, MAINSTREAM may terminate this Agreement without granting FRANCHISEE any opportunity to cure the default, effective immediately upon written notice to FRANCHISEE, if any of the following occur:

1. If FRANCHISEE or any Principal on three (3) separate occasions within any period of twelve (12) consecutive months to comply with any provision of this Agreement, whether or not the failure to comply is corrected after notice is delivered to FRANCHISEE;

2. FRANCHISEE or any Principal make an unauthorized assignment or transfer of this Agreement or an ownership interest in FRANCHISEE;

3. FRANCHISEE or any Principal makes any material misrepresentation or omission in your application for the development rights conferred by this Agreement;

4. FRANCHISEE or any Principal are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that MAINSTREAM believes will injure the Marks or the goodwill associated therewith, or if MAINSTREAM has proof that FRANCHISEE has committed such a felony, crime or offense;

5. FRANCHISEE or any Principal makes any unauthorized use, disclosure or duplication of any portion of the Operations Manual (as defined in the first Franchise Agreement signed under this Agreement) or any other Confidential Information provided to FRANCHISEE by MAINSTREAM;

6. FRANCHISEE becomes insolvent because FRANCHISEE cannot pay your debts as they mature or make an assignment for the benefit of creditors or admit that FRANCHISEE cannot pay your obligations as they become due;

7. FRANCHISEE materially misuses or makes an unauthorized use of any Marks or commit any act which can reasonably be expected to materially impair or otherwise is prejudicial to the goodwill associated with any Marks;

8. FRANCHISEE or any Principal violates a provision of this Agreement which is not curable;

9. If an immediate threat or danger to public health or safety results from the construction, maintenance or operation of a Retail Location; or

10. FRANCHISEE terminates a Franchise Agreement without cause

C. Rights to Develop Retail Locations on Termination. Upon termination of this Agreement, FRANCHISEE has no right to establish or operate any individual Retail Location for which an individual Franchise Agreement has not been executed by MAINSTREAM and delivered to FRANCHISEE at the time of termination. MAINSTREAM may establish, and license others to establish, Mainstream Boutique® businesses in the Designated Area, except as may be otherwise provided under any other agreement which has been executed between FRANCHISEE and MAINSTREAM.

D. Our Right to End Territorial Protections without Terminating this Agreement. If MAINSTREAM has grounds to terminate this Agreement either because FRANCHISEE has defaulted under Section 12(B) above or FRANCHISEE has failed to cure a default of this Agreement under Section 12(A) above within the cure period specified by MAINSTREAM in a notice of default, then MAINSTREAM may, at its sole option and upon notice to FRANCHISEE, terminate the territorial protections afforded to FRANCHISEE under Section 2(B)(ii) above without terminating this Agreement as a whole. If MAINSTREAM elects to terminate your territorial protections without terminating this Agreement, MAINSTREAM will no longer be restricted from establishing (directly or through an affiliate), or from granting franchise(s) to a third party to establish, one or more Mainstream Boutique® businesses within the Designated Area. This Agreement will not terminate, however, and FRANCHISEE will be obligated to continue developing Retail Locations under this Agreement. However, FRANCHISEE right and obligation to establish new Retail Locations under the Development Schedule will be reduced by the number of new Retail Locations that MAINSTREAM establishes or grants franchises for within the Designated Area.

E. Effect of Other Laws. To the extent the provisions of this Section 12 respecting permissible grounds, cure rights or minimum periods of notice for termination of this franchise are inconsistent with applicable law, the applicable law will supersede such provision of this Agreement.

13. EFFECT OF TERMINATION AND EXPIRATION

All obligations of MAINSTREAM and FRANCHISEE under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

14. COVENANTS

A. In-Term Covenant Not to Compete. FRANCHISEE and its Principals will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, partner, officer, director or owner of any other person, firm, entity, partnership, limited liability company or corporation, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that is in any way competitive with (including, but not limited to, over the internet) or similar to the Mainstream Boutique businesses operated by MAINSTREAM or its franchisees, except with our prior written consent.

B. Post-Term Covenant Not to Compete. FRANCHISEE and its Principals will not, for a period of two (2) years after the termination or expiration of this Agreement, on their own account or as an employee, independent contractor, agent, consultant, partner, officer, director or owner of any other person, firm, entity, partnership, limited liability company or corporation: (A) divert or attempt to divert any business or customers of the Retail Locations developed by FRANCHISEE, or of any other Mainstream Boutique business to any competing business; or (B) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that is in any way competitive with (including, but not limited to, over the internet) or similar to the Mainstream Boutique businesses conducted by MAINSTREAM or its franchisees, which is located (i) within a twenty-five (25)-mile radius of any of the Retail Locations developed by FRANCHISEE; (ii) within a twenty-five (25)-mile radius of any other Mainstream Boutique businesses operated by MAINSTREAM or any of our franchisees pursuant to any franchise, development, license or other territorial agreement; or (iii) over the internet. FRANCHISEE and its Principals expressly agree that the two (2)-year period, the internet and the geographical limits are the reasonable and necessary to protect MAINSTREAM and its franchisees if this Agreement expires or is terminated for any reason, and that this covenant not to compete is necessary to permit MAINSTREAM the opportunity to resell and/or develop a new Mainstream Boutique business at or in the area surrounding the Designated Area.

C. Injunctive Relief. FRANCHISEE and its Principals agree that the provisions of this Article are necessary to protect the legitimate business interests of MAINSTREAM and its franchisees. FRANCHISEE and its Principals acknowledge that damages alone cannot adequately compensate MAINSTREAM if there is a violation of this Article by FRANCHISEE and that injunctive relief against FRANCHISEE is essential for the protection of MAINSTREAM and its franchisees. FRANCHISEE and its Principals agree therefore, that if MAINSTREAM alleges that FRANCHISEE or its Principals have breached or violated this Section, then MAINSTREAM will have the right to petition a court of competent jurisdiction for injunctive relief against FRANCHISEE or its Principals, or both, in addition to all other remedies that may be available to MAINSTREAM at law or in equity.

15. ASSIGNMENT

A. By Us. MAINSTREAM has the right to sell or assign, in whole or in part, our interest in this Agreement, without obtaining FRANCHISEE consent.

B. FRANCHISEE Assignment Requiring Our Consent. FRANCHISEE understands that MAINSTREAM has granted the rights under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of your Principals. FRANCHISEE (and its Principals) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business operated under this Agreement, substantially all or all of the assets your business, this Agreement or any interest in FRANCHISEE unless FRANCHISEE obtains our prior written consent. MAINSTREAM will not unreasonably withhold our consent to an assignment of this Agreement, provided FRANCHISEE comply with any or all of the following conditions which MAINSTREAM may, in its discretion, deem necessary:

1. FRANCHISEE is in good standing under this Agreement and any other agreement between FRANCHISEE and MAINSTREAM;

2. The transferee is approved by MAINSTREAM and demonstrates to its satisfaction that he/she meets our managerial, financial and business standards for new franchised locations, possesses a good business reputation, moral character and credit rating, and has the aptitude and ability to develop and operate the Retail Locations. FRANCHISEE understands that

MAINSTREAM may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications;

3. The transferee enters into a written agreement, in form satisfactory to MAINSTREAM, assuming and agreeing to discharge all of FRANCHISEE obligations and covenants under this Agreement for the remainder of its term, or, at MAINSTREAM's option, sign MAINSTREAM's then-current form of franchise agreement;

4. FRANCHISEE pay MAINSTREAM a transfer fee of Twenty Thousand Dollars ($20,000);

5. FRANCHISEE and each Principal sign a general release, in a form and substance satisfactory to us, of any and all claims against MAINSTREAM and its affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

6. FRANCHISEE and each Principal sign an agreement, in a form satisfactory to us, in which FRANCHISEE and each Principal covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations;

7. All Franchise Agreements signed in connection with this Agreement are transferred to the transferee and all transfer conditions outlined in each Franchise Agreement are satisfied.

C. Guaranty. All of FRANCHISEE Principals must sign the Personal Guaranty Agreement in the form attached to this Agreement as Exhibit C (the "Guaranty Agreement"). MAINSTREAM may also require the spouse of any Principal to sign the Guaranty Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal of FRANCHISEE under the provisions of this Section 15 or otherwise will, as a condition of becoming a Principal, sign the Guaranty Agreement.

16. ARBITRATION

A. Disputes Subject to Arbitration. Except as expressly provided to the contrary in this Agreement, all disputes and controversies between FRANCHISEE and MAINSTREAM and MAINSTREAM respective officers, directors and owners or partners, and the Principals, including allegations of fraud, misrepresentation or violation of any state or federal laws or regulations, arising under, as a result of, or in connection with this Agreement will be submitted to binding arbitration (the "Arbitration") under the authority of the Federal Arbitration Act and will be arbitrated in accordance with the then-current Commercial Rules and Regulations of the American Arbitration Association (the "Commercial Rules").

B. Venue and Jurisdiction. All Arbitration hearings will take place exclusively in Minneapolis, Minnesota. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning such matters.

C. Selection and Powers of Arbitrator. A single arbitrator shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking and ranking method. The arbitrator must have at least five (5) years' experience in franchise law. The parties each shall bear all of their own costs of Arbitration; however, the fees of the arbitrator shall be divided equally between the parties. The authority of the arbitrator will be limited to making a finding, judgment, decision and award relating to the interpretation of or adherence to the written provisions of this

Agreement. The Federal Rules of Evidence (the "Rules") will apply to all Arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any Arbitration hearing must comply in all respects with the Rules. The arbitrator will not have the authority or right to add to, delete, amend or modify in any manner the terms, conditions and provisions of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the dispute set forth in the written demand for Arbitration, and the arbitrator will not have the authority to decide any other issues. The Arbitrator will not have the right or authority to award punitive damages to MAINSTREAM or FRANCHISEE or any officers, directors, owners or partners or the Principals. All findings, judgments, decisions and awards by the arbitrator will be final and binding on MAINSTREAM and FRANCHISEE. The written decision of the arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction by either party.

D. No Class Actions. No party except MAINSTREAM, FRANCHISEE, and our respective officers, directors, owners or partners, and the Principals will have the right to join in any Arbitration proceeding arising under this Agreement, and, therefore, the arbitrator will not be authorized to permit or approve class actions or to permit any person or entity that is not a party to this Agreement to be involved in or to participate in any Arbitration hearings conducted pursuant to this Agreement. YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.

E. Disputes Not Subject to Arbitration. The following disputes and controversies between MAINSTREAM and FRANCHISEE will not be subject to Arbitration: (i) any dispute involving the Marks or which arises under or as a result of Section 8 of this Agreement; (ii) any dispute involving immediate termination of this Agreement pursuant to Section 12(B) of this Agreement; (iii) any dispute involving enforcement of the confidentiality provisions set forth in Section 7of this Agreement; and (iv) any dispute involving enforcement of the covenants not to compete set forth in Section 14 of this Agreement.

17. ENFORCEMENT

A. Injunctive Relief. In addition to the provisions of Section 16, MAINSTREAM will have the right to petition a court of competent jurisdiction for the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to: (i) your improper or unauthorized use of the Marks or the Business System; (ii) your obligations upon termination or expiration of this Agreement; (iii) the transfer or assignment of this Agreement, any Franchise Agreement, or the ownership interests of FRANCHISEE; (iv) your violation of the provisions of this Agreement relating to confidentiality and covenants not to compete; and (v) any act or omission by FRANCHISEE or its employees that, (1) constitutes a violation of any applicable law, ordinance or regulation, (2) constitutes a danger to the employees, public or customers of your Retail Locations, or (3) may impair the goodwill associated with the Marks and the Business System. In any action brought under this provision where MAINSTREAM prevails against FRANCHISEE, FRANCHISEE will indemnify MAINSTREAM for all costs that MAINSTREAM incurs in any such proceedings including, without limitation, attorneys' fees actually incurred, expert witness fees, costs of investigation, court costs, travel and living expenses, and all other costs incurred by us. Unless provided to the contrary by applicable law, MAINSTREAM will be entitled to obtain injunctive relief without the posting of any bond or security.

B. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder or the taking of some other action not required hereunder, or if under any applicable and binding law of any jurisdiction, any provision of this Agreement or any

specification, standard or operating procedure prescribed by MAINSTREAM is invalid or unenforceable, the prior notice or other action required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision, specification, standard or operating procedure will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

C. Waiver. Acceptance by MAINSTREAM of any payment by FRANCHISEE and MAINSTREAM failure, refusal or neglect to exercise any right under this Agreement or to insist upon full compliance by FRANCHISEE of its obligations hereunder including, without limitation, the mandatory Development Schedule, will not constitute a waiver by MAINSTREAM of any provision of this Agreement. MAINSTREAM will have the right to waive obligations or restrictions for other area developers under their agreements without waiving those obligations or restrictions for FRANCHISEE and, except to the extent provided by law, MAINSTREAM will have the right to negotiate terms and conditions, grant concessions and waive obligations for our other franchisees and area developers without granting those same rights to FRANCHISEE and without incurring any liability to FRANCHISEE whatsoever.

D. Venue And Jurisdiction. Unless otherwise required under applicable law, all Arbitration hearings, litigation, court hearings or other hearings initiated by either party against the other party must and will be venued exclusively in Minneapolis, Minnesota. FRANCHISEE, each of its officers, directors and owners, and the Principals: (i) acknowledge that Minneapolis, Minnesota is a mutually convenient location for the venue and conduct of any legal or enforcement proceedings; (ii) do hereby agree and submit to personal jurisdiction in the State of Minnesota for the purposes of any Arbitration hearings, litigation, court hearings or other hearings brought to enforce or construe the terms of this Agreement or to resolve any dispute or controversy arising under, as a result of, or in connection with this Agreement or the Designated Area; and (iii) do hereby agree and stipulate that any Arbitration hearings, litigation, court hearings and other hearings will be venued and held exclusively in Minneapolis, Minnesota, and waive any rights to contest such venue and jurisdiction and any claims that such venue and jurisdiction are invalid.

E. Agreement Binding On Heirs And Assigns. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

F. Joint And Several Liability. If FRANCHISEE consists of more than one person, their liability under this Agreement will be deemed to be joint and several.

G. Entire Agreement. This Agreement, including the "Introduction" and any addenda, exhibits, related acknowledgements, and amendments, constitutes the entire agreement between the parties with respect to the subject matter and supersedes and terminates all prior agreements relating to the operation of a Mainstream Boutique Business by FRANCHISEE, either oral or in writing, between the parties. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the Franchise Disclosure Document which FRANCHISEE acknowledges receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by FRANCHISEE and MAINSTREAM, are void and not enforceable. Nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.

H. Headings; Terms. The headings of the Articles and the provisions thereof are for convenience only and do not define, limit or construe the contents of such Articles. The term "FRANCHISEE" as used herein is applicable to one or more individuals, a corporation, a limited liability company or a partnership, as the case may be, and the singular usage includes the plural, and the masculine usage includes the neuter and the feminine, and the neuter usage includes the masculine and the feminine.

References to "FRANCHISEE," "assignee" and "transferee" which are applicable to an individual or individuals will mean the principal owner or owners of the equity or operating control of FRANCHISEE or any such assignee or transferee if FRANCHISEE or such assignee or transferee is a corporation or partnership.

I. No Oral Modification. No modification, change, addition, rescission, release, amendment or waiver of this Agreement and no approval, consent or authorization required by any provision of this Agreement may be made except by a written agreement subscribed to by duly authorized officers or partners of FRANCHISEE and the President or a Vice President of us. MAINSTREAM and FRANCHISEE will not have the right to amend or modify this Agreement orally or verbally, and any attempt to do so will be void in all respects.

J. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §1051 et seq.), this Agreement and the relationship between MAINSTREAM and FRANCHISEE will be governed by the laws (statutory or otherwise) of the state in which the Designated Area is located, irrespective of any conflict of law provisions. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. FRANCHISEE waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise or business opportunity laws or regulation. All other provisions of this Agreement will be enforceable as originally made and entered into upon the execution of this Agreement by FRANCHISEE and MAINSTREAM.

K. Payment Of Costs And Expenses. FRANCHISEE will pay all costs and expenses, including attorneys' fees, deposition costs, expert witness fees, investigation costs, accounting fees, filing fees and travel expenses actually incurred by MAINSTREAM in enforcing any term, condition or provision of this Agreement or in seeking to enjoin any violation of this Agreement by FRANCHISEE.

L. WAIVER OF PUNITIVE DAMAGES. MAINSTREAM, FRANCHISEE THE PRINCIPALS AND OUR REPSECTIVE AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN FRANCHISEE AND US, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

18. NOTICES All notices to MAINSTREAM will be in writing and will be made by personal service upon an officer or Director of MAINSTREAM or sent by prepaid registered or certified United States mail addressed to MAINSTREAM at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425 or such other address as MAINSTREAM may designate in writing. All notices to FRANCHISEE will be by personal service upon FRANCHISEE or any employee of FRANCHISEE, (or, if applicable, an officer or director of FRANCHISEE), sent by prepaid registered or certified United States mail addressed to FRANCHISEE at your business address or such other address as FRANCHISEE may designate in writing, by delivery to any employee of FRANCHISEE by a recognized overnight delivery service (such as Federal Express or UPS) which requires a written receipt of delivery from the addressee, or electronically to your email address provided to us. Notice by mail is effective upon depositing the same in the mail in the manner provided above, notice by personal service is effective upon obtaining service, notice by

overnight delivery service is effective upon delivery by such delivery service, and notice sent electronically is effective upon sending.

19. ACKNOWLEDGMENTS

A. Our Business Judgment. FRANCHISEE acknowledges and understands that whenever MAINSTREAM reserves or is deemed to have reserved rights in a particular area, or where MAINSTREAM agrees or is deemed to be required to exercise our rights reasonably or in good faith, MAINSTREAM will satisfy its obligations whenever it exercises reasonable business judgment in making our decision or exercising a right. A decision or action by MAINSTREAM will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if MAINSTREAM'S decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of MAINSTREAM'S. Neither FRANCHISEE nor any third party (including, without limitation, a trier of fact) may substitute its judgment for MAINSTREAM'S reasonable business judgment.

B. Business Risks; No Financial Projections. FRANCHISEE acknowledges that FRANCHISEE has conducted an independent investigation of the Mainstream Boutique businesses to be developed hereunder, and recognize that the business venture contemplated by this Agreement involves business and economic risks and that the financial and business success of your Retail Locations will be primarily dependent upon your and your employees' and its independent contractors' personal efforts. MAINSTREAM expressly disclaims the making of, and FRANCHISEE acknowledges that FRANCHISEE has not received, any estimates, projections, warranties or guaranties, express or implied, regarding potential revenues, profits, earnings or the financial success of your Retail Locations, except as expressly set forth in writing in our Franchise Disclosure Document, receipt of which is acknowledged by FRANCHISEE.

C. No Income Or Refund Warranties. FRANCHISEE acknowledges that MAINSTREAM does not warrant or guarantee to FRANCHISEE that FRANCHISEE will derive income or profit from its development of Retail Locations or that MAINSTREAM will refund all or part of the Development Fees paid by FRANCHISEE.

D. Terms Of Other Agreements May Differ. FRANCHISEE acknowledges that our other area developers or franchisees have or will be granted franchises and development rights at different times and in different situations, and that the terms and conditions of such agreements may vary substantially in economics, form and in substance from those contained in this Agreement.

E. Receipt of Franchise Disclosure Document. FRANCHISEE acknowledges that FRANCHISEE received a copy of this Agreement with all material blanks fully completed (except as a result of negotiations FRANCHISEE initiated) at least seven (7) calendar days prior to the date that this Agreement was executed. FRANCHISEE further acknowledges that FRANCHISEE received a Mainstream Boutique Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

20. INDEMNIFICATION

A. Your Indemnification Obligations. FRANCHISEE agrees to indemnify and hold MAINSTREAM and its subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse MAINSTREAM or them for, any loss, liability or damages arising out of or relating to your ownership or development or operation of the Retail Locations, and all reasonable costs of defending any claim brought against MAINSTREAM or any of them or any action in

which MAINSTREAM or any of them is named as a party (including reasonable attorneys' fees) unless the loss, liability, damage or cost is solely due to our breach of this Agreement, gross negligence or willful misconduct. FRANCHISEE must pay all losses, liability or damages MAINSTREAM incurs pursuant to your obligations of indemnity under this Section 20(A) regardless of any settlement, actions or defense MAINSTREAM undertakes or the subsequent success or failure of any settlement, actions or defense.

B. Our Indemnification Obligations. MAINSTREAM agrees to indemnify and hold FRANCHISEE and its officers, directors and agents harmless against, and to reimburse FRANCHISEE and them for, any loss, liability or damage solely arising from or relating to our breach of this Agreement, gross negligence or willful misconduct, and all reasonable costs of defending any claim brought against FRANCHISEE or them or any action in which FRANCHISEE or they are named as a party (including reasonable attorneys' fees).

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

	FRANCHISEE:
Mainstream Fashions Franchising, Inc.	_____ Name of corporation or limited liability company
By_____ Its_____	By_____ Its_____

EXHIBIT A
TO AREA DEVELOPMENT AGREEMENT

DESIGNATED AREA

This Exhibit is attached to and is an integral part of the Mainstream Fashions Franchising, Inc. Area Development Agreement dated _____, 20____, between MAINSTREAM and FRANCHISEE.

Your development rights and obligations to timely develop and open Retail Locations will be within the following described area:

_____
_____
_____
[or see attached map]

APPROVED:

FRANCHISEE:

Mainstream Fashions Franchising, Inc.

_____
Name of corporation or limited liability company

By_____
Its_____

By_____
Its_____

EXHIBIT B
TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

This Exhibit is attached to and is an integral part of the Mainstream Fashions Franchising, Inc. Area Development Agreement dated _____, 20____, between MAINSTREAM and FRANCHISEE.

1. Development Schedule.

FRANCHISEE agrees to execute Franchise Agreements according to the following development schedule and to timely open Retail Locations in compliance with your Franchise Agreements.

RETAIL LOCATION #	DATE FRANCHISE AGREEMENT MUST BE SIGNED	CUMULATIVE NUMBER OF RETAIL LOCATIONS TO BE OPENED
1	***[date of this ADA]***	
2		
3		
4		
5		

APPROVED:

Mainstream Fashions Franchising, Inc.

By_____
Its_____

FRANCHISEE:

_____
Name of corporation or limited liability company

By_____
Its_____

EXHIBIT C
TO AREA DEVELOPMENT AGREEMENT

PERSONAL GUARANTY AGREEMENT

In consideration of the execution of the Area Development Agreement by Mainstream Fashions Franchising, Inc., and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Area Development Agreement, to be paid, kept and performed by _____ ("Area Developer"), including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement and agree that this Personal Guaranty Agreement should be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of this Area Development Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Area Developer or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by the Area Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Area Development Agreement, or the amendment or extension of the Area Development Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty Agreement will inure to the benefit of our successors and assigns.

AREA DEVELOPER: _____

PERSONAL GUARANTORS

_____	_____
Individually	Individually
_____	_____
Print Name	Print Name
_____	_____
Address	Address
_____	_____
City State Zip Code	City State Zip Code
_____	_____
Telephone	Telephone

EXHIBIT D
TO AREA DEVELOPMENT AGREEMENT

Mainstream Boutique® FRANCHISE AGREEMENT

(Current Form)

EXHIBIT E
TO AREA DEVELOPMENT AGREEMENT

STATE ADDENDA

CALIFORNIA ADDENDUM TO DEVELOPMENT AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Development Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Development Agreement upon certain bankruptcy-related events. If the Development Agreement is inconsistent with the law, the law will control.

The Development Agreement requires binding arbitration. The arbitration will occur in Minneapolis, Minnesota with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a development agreement restricting venue to a forum outside the State of California.

The Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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 Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development 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:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

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

1. Illinois law governs the Franchise Agreement(s).

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. 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.

6. Payment of the initial franchise fee is deferred until such time as the franchisor completes its initial obligations and franchisee is open for business. The deferral of the initial franchise fee is required by the Illinois Attorney General's Office based on our financial statements.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development 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: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____ Its: Date: _____	By: _____ Its: Date: _____

MINNESOTA ADDENDUM TO DEVELOPMENT 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 Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Development 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 Development 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 Development Agreement; or (3) failure of the franchisee to cure a default under the Development 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 Development 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 Development 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 Development 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 Development 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.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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

3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development 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:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

NEW YORK ADDENDUM TO DEVELOPMENT AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Development Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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

3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development 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: Mainstream Fashions Franchising, Inc.	FRANCHISEE: _____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

VIRGINIA ADDENDUM TO DEVELOPMENT 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 Development Agreement, to the extent that the Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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."

2. The following two sections apply to any Development Agreement entered into after June 30, 2026:

a. Section 13(B) of the Development Agreement is modified to provide that the post-term covenant not to compete will not apply to Franchisee following termination or expiration of the Development Agreement.

b. Section 17(J) of the Development Agreement is amended to provide that the Development Agreement will be governed by the laws of the Commonwealth of Virginia.

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

3. Except as expressly modified by this Addendum, the Development Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Development Agreement. In the event of any conflict between this Addendum and the Development 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:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

WISCONSIN ADDENDUM TO DEVELOPMENT AGREEMENT

This Addendum shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law.

1. Notwithstanding anything which may be contained in the body of the Development Agreement to the contrary, Article 15 pertaining to "MAINSTREAM's Termination Rights" shall be amended to include the following:

> "For all franchises sold in the State of Wisconsin, MAINSTREAM shall provide FRANCHISEE at least 90 days' prior written notice of termination, cancellation, or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, or substantial change in competitive circumstances and shall provide that FRANCHISEE has 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice shall be void. If the reason for termination, cancellation, or substantial change in competitive circumstances is nonpayment of sums due under the franchise, FRANCHISEE shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice at the option of MAINSTREAM."

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between FRANCHISOR and FRANCHISEE inconsistent with the Law.

FRANCHISOR:	FRANCHISEE:
Mainstream Fashions Franchising, Inc.	_____
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H: INCENTIVE PROGRAM ADDENDA

1. SCALE WITH STYLE ADDENDUM

2. REVIVE AND THRIVE ADDENDUM

3. LEAD AND LAUNCH

ADDENDUM TO
MAINSTREAM FASHIONS FRANCHISING, INC.
FRANCHISE AGREEMENT
(Scale with Style)

THIS ADDENDUM TO THE MAINSTREAM FASHIONS FRANCHISING, INC. FRANCHISE AGREEMENT ("Addendum") is made effective _____, 20___ (the "Effective Date") by and between MAINSTREAM FASHIONS FRANCHISING, INC., a Minnesota corporation ("Mainstream"), and _____, a _____ ("Franchisee").

BACKGROUND

A. Mainstream and Franchisee are parties to a Mainstream Fashions Franchising, Inc. Franchise Agreement dated _____ 20__ (the "Franchise Agreement"), pursuant to which Franchisee has been granted the right to operate one Mainstream Boutique® within the Designated Territory described in the Franchise Agreement (the "Retail Location"); and

B. Franchisee and Mainstream are either currently parties to another Mainstream Boutique® franchise agreement or have entered into a development agreement to develop additional Mainstream Boutique® businesses, under which Franchisee and Mainstream will sign additional Mainstream Boutique® franchise agreements (collectively the "Additional Franchise Agreement(s)").

C. In consideration of Franchisee's commitment to develop and operate multiple Mainstream Boutique® businesses, Mainstream has offered Franchisee certain incentives to development, including a right of first option to open and operate an additional Mainstream Boutique® business in certain circumstances and a reduced Continuing Fee once Franchisee is operating multiple Mainstream Boutique® businesses, under the terms of this Addendum.

AGREEMENT

THEREFORE, in consideration of the mutual covenants and agreements set out in this Addendum and other valuable consideration, the receipt of which are acknowledged, Mainstream and Franchisee agree as follows:

1. Defined Terms; Conflict of Terms. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement. In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

2. Continuing Fees. Provided that Franchisee is in full compliance with the terms of the Franchise Agreement and any Additional Franchise Agreements, the Continuing Fees that Franchisee will pay Mainstream under Section 4.2 of the Franchise Agreement and the Additional Franchise Agreement(s) will be calculated as follows:

Number of Mainstream Boutique® Businesses in Operation under the Franchise Agreement and Additional Franchise Agreements	Continuing Fees Percentage due under the Franchise Agreement and the Additional Franchise Agreement(s)
One Mainstream Boutique® business	7.5% of Franchisee's weekly Net Revenues
Two Mainstream Boutique® businesses	6.5% of Franchisee's weekly Net Revenues
Three Mainstream Boutique® businesses	5.5% of Franchisee's weekly Net Revenues

Four or more Mainstream Boutique® businesses	5.0% of Franchisee's weekly Net Revenues

Franchisee acknowledges and agrees that in order to qualify for the reduced Continuing Fees, the Mainstream Boutique® businesses must be in operation. Franchisee further acknowledges and agrees that the reduced Continuing Fees percentage does not impact Franchisee's obligation to pay the minimum Continuing Fees under the Franchise Agreement and the Additional Franchise Agreement(s).

For clarity, the Continuing Fees percentages set forth above are exclusive of, and in addition to, the Advertising Fund Contribution (currently 0.5% of Net Revenues) set forth in the Franchise Agreement.

3. Right of First Option; Conditions. If Mainstream, in its sole discretion, decides to move forward with the development of an additional Mainstream Boutique® location either directly or with a potential franchisee within twenty miles of the Retail Location ("ROFR Territory"), it will notify Franchisee in writing of such decision and grant to Franchisee a one-time right of first option to develop another Mainstream Boutique® location in the ROFR Territory provided Franchisee meets the conditions in this Addendum (the "Notice"). The Notice to Franchisee will include a copy of Mainstream's then-current franchise disclosure document ("FDD"), and will inform Franchisee if it is qualified under Sections 2(a) and 2(b) below. Upon receipt of the Notice from Mainstream, Franchisee shall have a period of thirty (30) days (the "Option Period") within which to exercise the right of first option by satisfying or causing to be satisfied all of the following conditions:

a. Franchisee is not in default of any of the material terms and conditions in the Franchise Agreement or any terms, conditions or covenants of any other agreements between Mainstream and Franchisee.

b. Franchisee meets Mainstream's then-current eligibility requirements for opening an additional Mainstream Boutique® location, including meeting financial and operational requirements.

c. Franchisee signs Mainstream's then-current standard Mainstream Boutique® franchise agreement for the additional retail location and pays Mainstream the initial franchise fee no sooner than fourteen (14) calendar days from the receipt of the Notice and of the FDD, and no later than the end of the Option Period.

If after receiving the Notice from Mainstream that it has been granted a one-time right of first option to develop an additional Mainstream Boutique® location in the ROFR Territory Franchisee (i) fails to satisfy or cause to be satisfied all of the conditions described above by the end of the Option Period or (ii) notifies Mainstream in writing that it does not want to exercise its right of first option, then the right of first option regarding the additional Mainstream Boutique® location will terminate.

4. Transfer. Franchisee acknowledges and agrees that this Addendum is personal to Franchisee and that this Addendum is not subject to assignment or transfer.

5. Default. Franchisee acknowledges and agrees that if, at any time Franchisee is in default under the terms of the Franchise Agreement, this Addendum or any Additional Franchise Agreement and Franchisee fails to cure such breach during the applicable cure period (if any), this Addendum will automatically terminate without notice or opportunity to cure, and Franchisee will no longer qualify for the incentives described in this Addendum.

6. Construction. In all other respects, this Addendum will be construed and enforced pursuant to its terms.

IN WITNESS WHEREOF, MAINSTREAM, FRANCHISEE and the owners of FRANCHISEE have respectively signed this Addendum effective as of the day and year first above written.

In the Presence of:

"MAINSTREAM"

Mainstream Fashions Franchising, Inc.

_____

_____

By _____

Its _____

In the Presence of:

"FRANCHISEE"

_____

_____

By _____

Its _____

The undersigned individual owners of FRANCHISEE hereby agree to be bound by the terms and conditions of this Addendum.

In the Presence of:	Owners	Percentage of Ownership
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

ADDENDUM TO
MAINSTREAM FASHIONS FRANCHISING, INC.
FRANCHISE AGREEMENT
(Revive and Thrive)

THIS ADDENDUM TO THE MAINSTREAM FASHIONS FRANCHISING, INC. FRANCHISE AGREEMENT ("Addendum") is made effective _____, 20___ (the "Effective Date") by and between MAINSTREAM FASHIONS FRANCHISING, INC., a Minnesota corporation ("Mainstream"), and a _____ ("Franchisee").

BACKGROUND

A. Mainstream and Franchisee are parties to a Mainstream Fashions Franchising, Inc. Franchise Agreement dated _____ 20__ (the "Franchise Agreement"), pursuant to which Franchisee has been granted the right to take over an existing or closed Mainstream Boutique® location that met certain metrics and operate that location (the "Retail Location"); and

B. Franchisee and Mainstream are currently parties to one or more additional Mainstream Boutique® franchise agreements (collectively the "Additional Franchise Agreement(s)") under which Franchisee has demonstrated a commitment to the Mainstream Boutique® System.

C. In consideration of Franchisee's commitment to operate the Retail Location, Mainstream has offered Franchisee certain incentives , including additional support, a right of first option to open and operate an additional Mainstream Boutique® business in certain circumstances and a reduced Continuing Fee, under the terms of this Addendum.

AGREEMENT

THEREFORE, in consideration of the mutual covenants and agreements set out in this Addendum and other valuable consideration, the receipt of which are acknowledged, Mainstream and Franchisee agree as follows:

1. Defined Terms; Conflict of Terms. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement. In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

2. Initial Fee. Section 4.1 of the Franchise Agreement is amended to provide that the Initial Fee is $0.

3. Continuing Fees. Provided that Franchisee is in full compliance with the terms of the Franchise Agreement and any Additional Franchise Agreements, during the first eighteen (18) months that Franchisee operates the Retail Location, the Continuing Fees owed under Section 4.2 of the Franchise Agreement will be calculated as follows:

a. During the first twelve (12) months of operation, Mainstream will waive payment of the Continuing Fees.

b. During the subsequent six (6) months of operation, Franchisee will pay Mainstream reduced Continuing Fees equal to 3.5% of Net Revenues.

Following the later of: (a) eighteen (18) months after Franchisee began operations of the Retail Location; and (b) the date Mainstream determines Franchisee met the Minimum Performance Threshold, and provided that Franchisee is in full compliance with the terms of the Franchise Agreement and the Additional Franchise Agreement(s), the Continuing Fees that Franchisee will pay Mainstream under the Franchise Agreement and any Additional Franchise Agreements will be calculated as follows:

Number of Mainstream Boutique® Businesses in Operation under the Franchise Agreement and Additional Franchise Agreements	Continuing Fees Percentage due under the Franchise Agreement and the Additional Franchise Agreement(s) Following 18 Month Period
One Mainstream Boutique® business	7.5% of Franchisee's weekly Net Revenues
Two Mainstream Boutique® businesses	6.5% of Franchisee's weekly Net Revenues
Three Mainstream Boutique® businesses	5.5% of Franchisee's weekly Net Revenues
Four or more Mainstream Boutique® businesses	5.0% of Franchisee's weekly Net Revenues

Franchisee acknowledges and agrees that Franchisee is not eligible to receive the reduced Continuing Fees until the Retail Location has been operated by Franchisee for eighteen (18) months and Franchisee meets the Minimum Performance Threshold. In addition, Franchisee is only eligible for the reduced Continuing Fees for those Mainstream Boutique® businesses in operation. Franchisee further acknowledges and agrees that the reduced Continuing Fees percentage does not impact Franchisee's obligation to pay the minimum Continuing Fees under the Franchise Agreement and the Additional Franchise Agreement(s) or its Adverting Fund Contribution.

The "Minimum Performance Threshold" is satisfied when the Retail Location meets one or both of the following performance metrics: (a) the Net Revenues of the Retail Location during the trailing twelve (12) months exceed Net Revenues of the Retail Location during the twelve (12) months immediately preceding the Effective Date of this Addendum by 30% or more; or (b) the Net Revenues of the Retail Location during the trailing twelve (12) months equal or exceed $275,000. Mainstream will evaluate the Minimum Performance Threshold eighteen (18) months following the Effective Date and, if necessary, every six (6) month following such date until Franchisee meets the Minimum Performance Threshold.

For clarity, the Continuing Fees percentages set forth above are exclusive of, and in addition to, the Advertising Fund Contribution (currently 0.5% of Net Revenues) set forth in the Franchise Agreement.

4. Additional Support. Mainstream agrees to provide up to two (2) visits to the Retail Location in the first year Franchisee operates the Retail Location. In addition, Franchisee may request that Mainstream assist with a special event that Mainstream determines during the first year Franchisee operates the Retail Location.

5. Right of First Option; Conditions. If Mainstream, in its sole discretion, decides to move forward with the development of an additional Mainstream Boutique® location either directly or with a potential franchisee within twenty miles of the Retail Location ("ROFR Territory"), it will notify Franchisee in writing of such decision and grant to Franchisee a one-time right of first option to develop another Mainstream Boutique® location in the ROFR Territory provided Franchisee meets the conditions in this Addendum (the "Notice"). The Notice to Franchisee will include a copy of Mainstream's then-current franchise disclosure document ("FDD"), and will inform Franchisee if it is qualified under Sections 2(a) and 2(b) below. Upon receipt of the Notice from Mainstream, Franchisee shall have a period of thirty (30) days (the "Option Period") within which to exercise the right of first option by satisfying or causing to be satisfied all of the following conditions:

a. Franchisee is not in default of any of the material terms and conditions in the Franchise Agreement or any terms, conditions or covenants of any other agreements between Mainstream and Franchisee.

b. Franchisee meets Mainstream's then-current eligibility requirements for opening an additional Mainstream Boutique® location, including meeting financial and operational requirements.

c. Franchisee signs Mainstream's then-current standard Mainstream Boutique® franchise agreement for the additional retail location and pays Mainstream the initial franchise fee no sooner than fourteen (14) calendar days from the receipt of the Notice and of the FDD, and no later than the end of the Option Period.

If after receiving the Notice from Mainstream that it has been granted a one-time right of first option to develop an additional Mainstream Boutique® location in the ROFR Territory Franchisee (i) fails to satisfy or cause to be satisfied all of the conditions described above by the end of the Option Period or (ii) notifies Mainstream in writing that it does not want to exercise its right of first option, then the right of first option regarding the additional Mainstream Boutique® location will terminate. In addition, the right of first option granted under this Section 5 will automatically terminate if the Retail Location ceases continuous operation as a Mainstream Boutique® Business under this Addendum at any time prior to Franchisee's exercise of the right of first option, for any reason.

6. Transfer. Franchisee acknowledges and agrees that this Addendum is personal to Franchisee and that this Addendum is not subject to assignment or transfer.

7. Default. Franchisee acknowledges and agrees that if, at any time Franchisee is in default under the terms of the Franchise Agreement, this Addendum or any Additional Franchise Agreement and Franchisee fails to cure such breach during the applicable cure period (if any), this Addendum will automatically terminate without notice or opportunity to cure, and Franchisee will no longer qualify for the incentives described in this Addendum.

8. Construction. In all other respects, this Addendum will be construed and enforced pursuant to its terms.

IN WITNESS WHEREOF, MAINSTREAM, FRANCHISEE and the owners of FRANCHISEE have respectively signed this Addendum effective as of the day and year first above written.

In the Presence of:

"MAINSTREAM"

Mainstream Fashions Franchising, Inc.

_____

By _____

Its _____

In the Presence of: "FRANCHISEE"

_____ _____

By _____

Its _____

The undersigned individual owners of FRANCHISEE hereby agree to be bound by the terms and conditions of this Addendum.

In the Presence of:	Owners	Percentage of Ownership
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

ADDENDUM TO
MAINSTREAM FASHIONS FRANCHISING, INC.
FRANCHISE AGREEMENT
(Lead and Launch)

THIS ADDENDUM TO THE MAINSTREAM FASHIONS FRANCHISING, INC. FRANCHISE AGREEMENT ("Addendum") is made effective _____, 20___ (the "Effective Date") by and between MAINSTREAM FASHIONS FRANCHISING, INC., a Minnesota corporation ("Mainstream"), and _____, a _____ ("Franchisee").

BACKGROUND

A. Mainstream and Franchisee are parties to a Mainstream Fashions Franchising, Inc. Franchise Agreement dated _____ 20__ (the "Franchise Agreement"), pursuant to which Franchisee has been granted the right to operate one Mainstream Boutique® within the Designated Territory described in the Franchise Agreement; and

B. Franchisee (or its principal owner) is currently a manager at a franchised Mainstream Boutique® location and was referred to Mainstream by the franchise owner of such location ("Referring Franchisee").

C. In consideration of Franchisee's commitment to develop and operate its own Mainstream Boutique® businesses, Mainstream has offered Franchisee certain incentives to development under the terms of this Addendum.

AGREEMENT

THEREFORE, in consideration of the mutual covenants and agreements set out in this Addendum and other valuable consideration, the receipt of which are acknowledged, Mainstream and Franchisee agree as follows:

1. Defined Terms; Conflict of Terms. All capitalized terms not defined in this Addendum have the respective meanings set forth in the Franchise Agreement. In the event of any conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

2. Initial Fee. Section 4.1 of the Franchise Agreement is amended to provide that the Initial Fee is $20,000.

3. Training Program. Section 8.1 of the Franchise Agreement is amended to provide that Mainstream will modify the initial training that Mainstream provides to Franchisee as Mainstream determines, and that the initial training program may include a mentorship onboarding pathway and not include the full standard initial training program.

4. Acknowledgment of Independent Employment Relationship. Franchisee acknowledges that, prior to participating in the program, Franchisee (or its principal owner) acted as a manager for the Referring Franchisee and was employed by the Referring Franchisee. Franchisee further acknowledges that Franchisee (or its principal owner) have never been employed by Mainstream or its affiliates.

5. Transfer. Franchisee acknowledges and agrees that this Addendum is personal to Franchisee and that this Addendum is not subject to assignment or transfer.

6. Default. Franchisee acknowledges and agrees that if, at any time Franchisee is in default under the terms of the Franchise Agreement, this Addendum or any Additional Franchise Agreement and Franchisee fails to cure such breach during the applicable cure period (if any), this Addendum will automatically terminate without notice or opportunity to cure, and Franchisee will no longer qualify for the incentives described in this Addendum.

7. Construction. In all other respects, this Addendum will be construed and enforced pursuant to its terms.

IN WITNESS WHEREOF, MAINSTREAM, FRANCHISEE and the owners of FRANCHISEE have respectively signed this Addendum effective as of the day and year first above written.

In the Presence of: "MAINSTREAM"

Mainstream Fashions Franchising, Inc.

_____ _____

By _____

Its _____

In the Presence of: "FRANCHISEE"

_____ _____

By _____

Its _____

The undersigned individual owners of FRANCHISEE hereby agree to be bound by the terms and conditions of this Addendum.

In the Presence of:	Owners	Percentage of Ownership
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

MAINSTREAM BOUTIQUE®

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I: STATE EFFECTIVE DATES AND RECEIPTS

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	See separate FDD
Indiana	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mainstream Fashions Franchising, Inc. ("Mainstream") offers you a franchise, Mainstream must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that Mainstream give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Mainstream 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 those state administrators listed on **Exhibit D**.

The franchisor is Mainstream Fashions Franchising, Inc. located at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425. Its telephone number is (612) 249-8448.

Issuance Date: May 15, 2026.

The franchise seller involved in offering and selling the franchise to you is Clay DeNicola, Katie Skrove, Lisa DeBack, 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425, (612) 249-8448, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Mainstream authorizes the respective state agencies identified on **Exhibit D** to receive service of process for us in the particular state.

I have received a disclosure document with an issuance date of May 15, 2026, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. Table of Contents for the Manual
D. State Agency Exhibit
E. State Addenda (including Form Release of Claims)
F. List of Franchisees
G. Development Agreement
H. Incentive Addenda
I. State Effective Dates and Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Copy for Franchisee

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mainstream Fashions Franchising, Inc. ("Mainstream") offers you a franchise, Mainstream must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. Iowa and New York require that Mainstream give you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Mainstream 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 those state administrators listed on **Exhibit D**.

The franchisor is Mainstream Fashions Franchising, Inc. located at 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425. Its telephone number is (612) 249-8448.

Issuance Date: May 15, 2026.

The franchise seller involved in offering and selling the franchise to you is Clay DeNicola, Katie Skrove, or Lisa DeBack, 7900 International Drive, Suite 515, Minneapolis, Minnesota 55425, (612) 249-8448, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: _____.

Mainstream authorizes the respective state agencies identified on **Exhibit D** to receive service of process for us in the particular state.

I have received a disclosure document with an issuance date of May 15, 2026, that included the following Exhibits:

A. Financial Statements
B. Franchise Agreement
C. Table of Contents for the Manual
D. State Agency Exhibit
E. State Addenda (including Form Release of Claims)
F. List of Franchisees
G. Development Agreement
H. Incentive Addenda
I. State Effective Dates and Receipts

Date: _____
(Do not leave blank)

_____
Signature of Prospective Franchisee

_____
Print Name

Copy for Mainstream Fashions Franchising, Inc.

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this disclosure document or send to Clay DeNicola by email to clay@mainstreamboutique.com or by fax to (612) 249-8448.