

## FRANCHISE DISCLOSURE DOCUMENT



SEASON 2 FRANCHISING LLC  
A Florida Limited Liability Company  
224 Datura Street  
Suite 1010  
West Palm Beach, Florida 33401  
(561) 972-2392  
[www.season2franchising.com](http://www.season2franchising.com)

As a Season 2 franchisee, you will operate a consignment business that markets and sells authentic pre-owned designer brand and luxury handbags, accessories and related services.

The total investment necessary to begin operation of a new Season 2 business is \$188,559 to \$276,059. This includes \$66,559 that must be paid to the franchisor.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Monica Tapia-Mularski at (561) 972-2392 or [franchise@season2consign.com](mailto:franchise@season2consign.com).

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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 21, 2025

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
<b>How much will I need to invest?</b>	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, and Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit H includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Season 2 business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Season 2 franchisee?</b>	Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 restriction.** 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, access to customers, what you sell, how you market, and your hours of operation.

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

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## **Item 1**

### **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

For ease of reference, the franchisor is referred to as “Season 2,” “we,” “us” or “our,” and the person who is considering the franchise is referred to as “you” or “your.” If you are a corporation, partnership, limited liability company or other business entity (“legal entity”), certain provisions of the franchise agreement and related agreements apply to your shareholders, officers, directors, members, partners or other owners (“principals”). These provisions are noted.

#### **Franchisor**

The franchisor is Season 2 Franchising LLC, a Florida limited liability company formed on November 17, 2021. Our principal business address is 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401. We do business as Season 2 Franchising LLC or Season 2. Our agents for service of process are disclosed in Exhibit A.

#### **Our Business**

We offer franchises for single franchised Season 2 businesses that sell authentic luxury handbags and accessories on a consignment basis. From time to time, we may approve the sale of other luxury goods.

We have no other business activities.

#### **Our Experience**

We began offering Season 2 franchises in March 2022. We have not operated a business of the type being franchised. However, see below for information on Season 2 businesses operated by our affiliate. We have not engaged in any other line of business, and have not offered franchises in any other line of business.

#### **Our Parents, Predecessors and Affiliates**

We have no parents or predecessors.

Our affiliate, Season 2 Consign LLC founded the original Season 2 business in Weston, Florida in July 2020. Our affiliate sold the original Season 2 business as a franchise and our franchisee commenced as owner and operator in January 2024. Our affiliate has operated a Season 2 business in West Palm Beach, Florida since January 2024.

Our affiliates have not offered franchises in any line of business, and will not provide products or services to you.

#### **The Franchise**

As a Season 2 franchisee, you will operate a consignment business that markets and sells pre-owned authentic designer brand and luxury handbags, accessories and related services through an

online e-commerce site. You will develop relationships with local, regional, national and international suppliers that we approve and that meet our specifications. You will operate your franchised business from a flexible office space; you will also have access to our national online, e-commerce platform.

A Season 2 business typically requires 700 to 1,000 rentable square feet of office space, and typically is located in a light industrial or similar center space.

The franchise agreement authorizes a franchisee to operate a single Season 2 business using our distinctive business format and method (the “System”), which incorporates mandatory methods, techniques, specifications, policies and procedures (the “Standards”), as well as non-mandatory guidelines and recommendations, that are described in our confidential manuals (“Manuals”), or that are communicated to you electronically, in writing or by any other means. A Season 2 business operates under the Season 2® trademark and other trademarks, trade names, service marks, logos, emblems, trade dress, and other indicia of origin that we designate for use under the System (the “Marks”).

### Competition

You will compete with other businesses in the market in which you operate. Although the market for luxury resale handbags is fragmented, it is competitive and growing rapidly. You will face competition from local, regional and national resellers, and other e-commerce platforms. Consumers seeking high-quality, luxury and authentic handbags will be your primary customers. The products you will sell are not seasonal.

The luxury retail industry, as a whole, is highly competitive. The industry includes competitive retail businesses and e-commerce sites. Before signing a franchise agreement, you should survey your market to determine the number and quality of competitors.

### Laws

Laws regulating the franchised business may be local, county and state specific. Some jurisdictions may have specific laws regulating consignment businesses. As a reseller of pre-owned authentic luxury handbags and accessories, your franchised business will be subject to state and local laws regulating dealers in second-hand goods. These laws will require you to obtain a license to operate the business. To obtain a license, you may be subject to a criminal background check. These laws may also regulate certain aspects of your business including gathering and retaining information regarding the sellers (consignors) of used products you resell and the length of time that must expire before an item may be resold.

Because you collect information from customers, it may contain personal information of individuals which is protected by law. You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state, and locals

laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.

You should consult with a legal advisor about whether these and/or other requirements apply to your franchised business. Failure to comply with laws and regulations is a material breach of the franchise agreement.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### **Erika Schrieber: Co-Founder and CEO**

Erika Schrieber has served as our Co-Founder and CEO since our formation in November 2021. She has also served as Co-Founder and CEO of our affiliate, Season 2 Consign LLC, since July 2020. Both positions are based in West Palm Beach, Florida. From January 2010 to August 2020, she served as Brand Director of Consign of the Times in Miami, Florida.

#### **Monica Tapia-Mularski: Co-Founder and COO**

Monica Tapia-Mularski has served as our Co-Founder and COO since our formation in November 2021. She has also served as Co-Founder and COO of our affiliate, Season 2 Consign LLC, since July 2020. Both positions are based in West Palm Beach, Florida. From January 2019 to August 2020, she served as Social Media Assistant of Consign of the Times in Miami, Florida. From January 2017 until December 2019, she served as Center Director of Brain Balance of Pembroke Pines in Pembroke Pines, Florida.

#### **Robert Petre: Fractional Chief Financial Officer**

Robert Petre has served as our Fractional Chief Financial Officer through his accounting firm, Standpoint Accounting in Broken Arrow, Oklahoma, since January 2023. He has also served as Fractional Vice President of Finance and a Financial Consultant of Just Between Friends Franchise System, Inc., in Reading, Pennsylvania since April 2020. Robert has been the managing member of Standpoint Accounting in Broken Arrow, Oklahoma since November 2019. He has also served as CFO of McIntosh Corporation in Tulsa, Oklahoma since April 2015.

#### **Kezia-Lauren Verasammy: Director of Franchise Development**

Kezia-Lauren Verasammy has been our Director of Franchise Development since August 2024. Kezia-Lauren has also been the Vice President of Franchise Development for Just Between Friends, in North Vancouver, British Columbia, since February 2025. Kezia-Lauren has also been the Vice President of Franchise Development for Foxy Box Laser & Wax Bars in Vancouver, British Columbia, since September 2023. From March 2019 to April 2024, Kezia-Lauren was the Franchise Field Support and General Manager at Foxy Box Laser & Wax Bars in Victoria, British Columbia.



### Beth Alden: Franchise Business Coach

Beth Alden has been our Franchise Business Coach since January 2025. She has also been the owner and Business Coach at Business Coach Beth, in Nanaimo, British Columbia since January 2024. Beth has also been the Franchise Business Coach for Foxy Box HQ, in Nanaimo, British Columbia, since March 2024. From July 2021 to March 2024, Beth was also a Director at Foxy Box Nanaimo, in Nanaimo, British Columbia. From January 2020 to July 2021 Beth was self-employed as a Personal Trainer in Parksville, British Columbia.

### **Item 3**

#### **LITIGATION**

No litigation is required to be disclosed in this Item.

### **Item 4**

#### **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

### **Item 5**

#### **INITIAL FEES**

##### Initial Franchise Fee

For a single Season 2 business, you must pay an initial franchise fee of \$50,000. The initial franchise fee is uniform, is payable when you sign a single franchise agreement, and is non-refundable.

##### Authentication Hardware

You must pay us for hardware we purchase for you from a supplier that provides authentication services. We will purchase this hardware for you after you sign the franchise agreement and before you open your business. Our cost is currently \$499. Your payment to reimburse us is due when we invoice you and is non-refundable. The supplier of the hardware may increase its prices at any time.

### Initial Supply Fee (Dust Bags)

You must pay an initial supply fee of \$1,060 to us for an initial supply of small, medium and large dust bags. The initial supply fee is uniform, includes shipping, is non-refundable and is due after you sign the franchise agreement and before you open your business.

### Initial Technology Platform Set-Up Fee

You must pay an initial technology set-up fee of \$15,000 to us to include your franchised business on our centrally-supported and centrally-serviced e-commerce marketing and sales technology platform and for the set-up of the franchised on required technology platforms. The initial technology set-up fee is uniform, is non-refundable and is due after you sign the franchise agreement and before you open your business.

All initial fees must be paid by wire or bank transfer in accordance with our transfer instructions.

## **Item 6**

### **OTHER FEES**

<b>FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty fees	6% of Gross Sales or \$150 per week (whichever is greater) <sup>2, 3</sup>	Payable on the first business day of each week for the previous week	You must pay this fee to us by electronic funds transfer.
Marketing Fund contributions	Up to 2% of Gross Sales or \$25 per week (whichever is greater) <sup>3</sup>	Payable on the first business day of each week for the previous week	You must pay this fee to us by electronic funds transfer. We may delay imposition of this fee in our sole discretion.
Local Advertising	1% of Gross Sales or a minimum of \$3,000 per month (whichever is greater) <sup>3</sup>	Monthly	You must spend money on local advertising on a monthly basis (all proposed advertising is subject to our approval). We reserve the right to collect this as a fee and incur third-party marketing expenses on your behalf. If we do this, we may allocate up to \$1,000 of the required minimum payment per month to cover our administrative costs.

<b>FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Professional Development	Up to \$1,500, currently \$500	Monthly	You must spend money on professional development. We reserve the right to collect this as a fee and incur third-party professional development expenses on your behalf.
Advertising cooperative	Up to 2% of Gross Sales <sup>3, 4</sup>	When members decide	The cooperative members will decide on the amount of each member's contribution to the cooperative, which you may use to reduce your local advertising expenditures. See Items 7 and 11.
Technology support fees	Currently \$1,000 per month <sup>5, 6</sup>	Payable on the first day of each month	You must pay this fee to us or our designed supplier by electronic funds transfer.
Initial training fee	\$1,000 per person <sup>5, 8</sup>	Before training	Payable only if you send more than 2 people to initial training.
Refresher or additional training fee	Our then-current fee, currently \$350 per diem for each trainer <sup>5, 8</sup>	Before training	May be assessed for optional or mandatory refresher or additional training.
Special field support	Our then-current per diem charge for personnel, and our actual expenses <sup>5, 8</sup>	Before scheduled assistance	Payable only if you need or request special field support. Our current per diem charge is \$350 per person per day.
Annual conference	To be determined	Before conference	If we host an annual conference, at least one representative of your franchised business must attend. We may charge you either a registration fee or a proportionate share of our costs.
Transfer fee	50% of the then-current Franchise Fee	30 days before transfer	Payable only if you transfer your franchised business to a third party. We do not charge a transfer fee if you transfer to a legal entity that you control.
Authentication services	Currently \$15 per authentication for standard items and \$119 per authentication for premium items <sup>5</sup>	Payable on the fifteenth day of each month	You must pay this fee to us by electronic funds transfer. <sup>7</sup>
Dust bags	Currently \$274 to \$420 per 100 units, plus shipping <sup>5</sup>	At time of order	You will place orders with us for small, medium and large dust bags as needed to replenish your stock. Prices vary based on sizes ordered.

<b>FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
iPhone applications	Currently \$22 per month for 3 required apps <sup>5</sup>	Monthly, or as agreed	You must subscribe to certain iPhone apps required for operations.
Finder's fee	8% of the sales price	At time of transfer	Payable only if we introduce a buyer for your franchised business to you. The sales price includes all consideration you will receive on account of the transfer.
Renewal fee	\$10,000	Before renewal	Payable when you sign our then-current franchise agreement at the end of the initial term if you renew the franchise.
Relocation or expansion fee	\$5,000, plus our expenses	On our acceptance of site or plans	Payable only if you relocate or expand an existing site.
Processing Fee	\$10 per invoice	On demand	If you fail to pay any amounts due by electronic funds transfer, then we have the right to collect a \$10 processing fee for each manual invoice that we issue to you.
Credit card fee	Currently 3% of amount charged <sup>5</sup>	On demand	Payable only if you pay us any fee or other amount by credit card.
Late payment, returned check or dishonored draft fee	\$50 per day for late payment; \$50 for returned check or dishonored draft	On demand	Payable only if you do not pay us on time, or your check is returned or your draft is dishonored.
Unauthorized marketing or advertising	\$100 per day per occurrence	On demand	Payable only if you use unauthorized marketing or advertising.
Interest	1.5% per month, or highest rate allowed by law, calculated daily	On demand	Payable only on past due amounts. If no due date is stated, interest begins to accrue 30 days after billing. Interest charges are non-refundable.
Taxes	Taxes imposed	On demand	Payable only if taxes are imposed on us with respect to any payments to us, unless the taxes are credited against income taxes otherwise payable by us.
Supplier, equipment or supply testing or inspection	Our then-current per diem charges, plus our expenses <sup>4</sup>	On demand	Payable only if you request the approval of alternate suppliers, equipment or supplies, to cover our costs of testing and/or inspecting the suppliers, equipment or supplies. Our current per diem charge is \$350 per person per day.

<b>FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Insurance	Actual cost of insurance, and our administrative costs	On demand	If you fail to maintain insurance required by the franchise agreement, we may obtain the required insurance and charge you the actual cost of the insurance and a fee for our reasonable administrative costs.
Customer satisfaction	Our costs	On demand	Payable only if we, in our sole discretion, incur costs to remedy complaints made by your customers.
Management fee	Our management expenses, plus an administrative fee of 10% of Gross Sales	On demand	Payable for any period that we manage your business on your behalf.
Examination or audit	Our actual expenses, plus administrative fee equal to 10% of any underpayment <sup>9</sup>	On demand	Costs are payable only if an examination is necessary because you are not properly operating the franchised business or fail to furnish required information or documents to us in a timely manner; administrative fee is payable only if audit reveals underpayment by 2% or more for any 12-week period.
Late fee for late submission of reports, financial statements and other required records	\$500	On demand	Payable if you fail to timely submit or provide reports, financial statements, completed standard chart of accounts ("SCOA") or other records required to be periodically provided to us or that we request.
Recovery of costs	Our actual expenses	On demand	Payable only if we incur charges for returned checks, dishonored drafts or similar financial defaults.
Attorneys' fees and costs	Our actual expenses	On demand	Payable only if your non-compliance with the franchise agreement results in us incurring legal expenses.
Deficiencies	Our actual expenses	On demand	If you do not satisfy your obligations under the franchise agreement, we may perform your obligations for you and you must reimburse us for our actual costs in performing your obligations.

<b>FEE <sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Re-inspection fee	Our actual costs, not to exceed \$1,500	On demand	Payable only if we must re-inspect the franchised business because you have failed to meet our quality standards.
Indemnification	Our actual expenses	On demand	You must reimburse us if we are held liable for claims involving the operation of the franchised business or the area grant.
Liquidated damages	An amount equal to the annual salary of the employee, plus our expenses	On demand	Payable only if you violate a restrictive covenant by inducing our employee, or an employee of another franchisee, to leave their employment.
Liquidated damages	\$10,000, plus our expenses	On demand	Payable only if you fail to obtain our consent when required.

Note 1: Except as otherwise noted, all fees are payable to us and are non-refundable. We may require you to sign an authorization allowing us to collect payment of any fee by direct electronic funds transfer (see Attachment 2 to the franchise agreement).

Note 2: For a new or transferred Season 2 business, the royalty fees are 6% of Gross Sales.

Note 3: “Gross Sales” include all amounts received for products sold and services rendered by the franchised business, (i) whether in cash, by credit or debit card, or on a time-sale basis, without reserve or deduction for inability or failure to collect, (ii) whether orders or sales for products or services are fulfilled in-person, by mail, by telephone, by internet or otherwise, and (iii) whether orders or sales are fulfilled at the location of the franchised business, online or elsewhere. The following are not included in Gross Sales: (i) the amount of refunds, discounts to customers (which are approved by us), and allowances provided the same have been previously included in Gross Sales, and provided further that if the refunds, allowances or approved discounts are in the form of credits to customers, the credits will be included in Gross Sales when used by the customers in the future; and (ii) the amount of any excise or sales taxes levied on sales and payable over to appropriate governmental authorities (but only to the extent actually paid to the appropriate governmental authorities), provided that a specific record is made at the time of each sale which clearly indicates that the amount is expressly charged to the customer. Currently, you are permitted to offer a 10% discount to customers on their first purchase. You may not offer other discounts without our prior approval. Gift cards generate receipts that are included in “Gross Sales” when they are redeemed by customers, and not when they are sold.

Note 4: All actions of an advertising cooperative, including the amount of any contributions to be assessed must be approved by us, and in that sense, franchisor-owned outlets have controlling voting power on fees imposed by advertising cooperatives. The minimum and maximum fees that may be imposed are from 0% to 2% of Gross Sales.

Note 5: Fee or fees are subject to increase.

Note 6: You must install and use our software system for online systems, email, data sharing, enterprise reporting, and other internet-related functions. The software system is a centrally-supported and centrally-serviced. Currently, you must pay us or our designated supplier technology support fees of \$1,000 per month for the software system. This fee may increase on 60 days' advance written notice to you, as services may expand or based on changes in technology. This fee does not include costs for hardware and other software components needed to operate the software system.

Note 7: Currently, payments for authentication services are centrally processed. Each franchisee will pay their authentication fees to us and we will process payment to the supplier. We may modify our current system for the payment of authentication fees to a decentralized system or to provide for a different method or system for the payment of these fees.

Note 8: With regard to training, our current training fee for refresher or additional training at our headquarters office is \$250 to \$500 per person per training session. For all training sessions and annual conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging and meal expenses. If you request our trainers to travel, or if they must travel to give you training, you must pay us the then-current per diem charges for those trainers and must reimburse us for the trainers' actual and reasonable travel, lodging and meal expenses. Our current per diem charge for a trainer is \$350 per day.

With regard to special field support, you may need or request customized support from us for e-commerce site maintenance, mobile ordering, license compliance or maintenance, security, or other matters. Our current per diem charge for special field support is \$350 per person per day.

Note 9: Audit expenses could range from \$5,000 to \$15,000, or higher.

### Cooperatives

There are currently no purchasing or distribution cooperatives in which you must or may participate. However: we may negotiate with some suppliers for you, at your request; and we may require you to participate in purchasing or distribution cooperatives in the future.

## **Item 7**

### **ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT**

<b>Expenditure <sup>1</sup></b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Paid</b>
	<b>Low</b>	<b>High</b>			
Initial franchise fee <sup>2</sup>	\$50,000	\$50,000	Lump sum	When you sign the franchise agreement	Us
Leasehold improvements <sup>3</sup>	\$2,000	\$5,000	As arranged	As incurred	Third-party suppliers

Expenditure <sup>1</sup>	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Furniture, fixtures and equipment <sup>4</sup>	\$8,000	\$15,000	As arranged	As incurred	Third-party suppliers
IT and security infrastructure hardware and software <sup>5</sup>	\$1,000	\$3,000	As arranged	As incurred	Third-party suppliers
Authentication hardware <sup>2</sup>	\$499	\$499	As arranged	As incurred	Us
Signage	\$0	\$1,000	As arranged	As incurred	Third-party suppliers
Initial inventory	\$25,000	\$50,000	As arranged	As incurred	Third-party suppliers
Supplies, small wares, and other items <sup>6</sup>	\$1,500	\$3,000	As arranged	As incurred	Third-party suppliers
Initial supply fee (dust bags) <sup>2</sup>	\$1,060	\$1,060	As arranged	As incurred	Us
Architectural <sup>7</sup>	\$0	\$2,500	As arranged	As incurred	Third-party supplier
Travel, lodging, meals, and other initial training expenses <sup>8</sup>	\$2,000	\$5,000	As arranged	Before training	Third-party suppliers
Travel, lodging, meals, and other operating location training expenses <sup>8</sup>	\$2,000	\$5,000	As arranged	As incurred	Third-party suppliers
Site lease deposit, letter of credit fee & prepaid rent <sup>9</sup>	\$5,000	\$10,000	As arranged	As incurred	Third-party suppliers
Technology platform set-up <sup>2, 10</sup>	\$15,000	\$15,000	As arranged	As incurred	Us
Grand Opening Marketing/Ad Spend	\$40,000	\$40,000	As incurred	As incurred	Third-party suppliers
Insurance <sup>11</sup>	\$2,000	\$9,000	As arranged	As incurred	Third-party supplier
Inventory security devices <sup>12</sup>	\$1,000	\$1,500	As arranged	As incurred	Third-party supplier
Other professional fees <sup>13</sup>	\$2,000	\$7,000	As arranged	As Incurred	Third-party suppliers
Permits and licensing <sup>14</sup>	\$500	\$2,500	As arranged	As incurred	Third-party suppliers



Expenditure <sup>1</sup>	Amount		Method of Payment	When Due	To Whom Paid
	Low	High			
Additional funds (3 mos.) <sup>15</sup>	\$30,000	\$50,000	As arranged	As incurred	As needed
<b>TOTAL</b>	<b>\$188,559</b>	<b>\$276,059</b>			

Note 1: Unless otherwise stated in Item 5 or 6, or as otherwise negotiated with third-party suppliers, these expenditures are non-refundable. See Item 10 for information on financing.

Note 2: Initial fees payable to us are described in Item 5.

Note 3: Season 2 franchised businesses vary in size, and generally are in leased sites. The low end of the range in the chart represents an estimated cost for leasehold improvements for a leased 700-square-foot Season 2 business. The high end of the range in the chart represents an estimated cost for leasehold improvements for a leased 1,000-square-foot Season 2 business. Actual costs of leasehold improvements vary greatly depending on various factors, including the condition and prior use of the site you choose, the local cost of contractors and architectural work, costs of goods, availability of labor and supplies, and the size and geographic location of your franchised business. In some markets, landlords may provide leasehold improvement allowances.

Note 4: You must lease or purchase furniture, fixtures and equipment from approved suppliers, or in accordance with our specifications. The estimate covers the lease or purchase of items such as desks, chairs and storage furniture, product display shelving units, lights, cameras and other photography equipment.

Note 5: You must lease or purchase IT infrastructure hardware and software from approved suppliers, or in accordance with our specifications. The estimate covers monitors, hardware, software licenses, label printers, scanners, security system (including professional installation), including security cameras, security camera servers, and alarm system.

Note 6: You must purchase supplies, small wares, and other items for your franchised business. The estimate covers the purchase of office supplies, printing labels, ink, paper, staplers, and other items for your franchised business.

Note 7: You must contract with local providers for architectural and construction management services. We must give advance approval of the providers. Before signing a lease, your local provider will work with you on preliminary construction pricing. After signing a lease, your architect must adapt our design documents into construction documents conforming to local and national codes, suitable for permitting and competitive bidding, and as required for approval by us and your landlord. Other architectural services will be required to assemble and circulate bid documents, consult on bid responses, award contracts on your behalf, act as your local representative during the construction phase of your franchised business, assure compliance with design/construction documents and be present for the construction punch list. You are solely responsible for ensuring that all plans and construction conform to applicable codes, building standards and other local regulations. If changes to the original plans are necessary for any reason, your local architect must make the changes, and you must pay the costs associated with the

changes. The low-end estimate assumes the leased space is ready to use “as is” and does not require improvements.

Note 8: We provide initial training for 2 persons at no additional charge. If you send more than 2 persons to initial training, we may charge you a training fee of \$1,000 per person. You should plan to spend at least \$1,000 per person for travel, meal, lodging, and other miscellaneous living expenses incurred during initial training. Your actual cost will vary, depending on the distance to be traveled, your method of travel, and your personal circumstances. We also provide business opening training at your location. One of our trainers will spend 1 week at your location to support your opening. You will reimburse us for the trainer’s reasonable travel, meal and lodging expenses associated with the business opening training. Cost will vary depending on the distance to be traveled, method of travel and other circumstances.

Note 9: You must lease or purchase suitable facilities for your franchised business. We anticipate that typically you will operate the Season 2 business from a leased space. A typical Season 2 business will be 700 to 1,000 rentable square feet. Lease costs will vary based on square footage, cost per square foot, location, length of the lease, age of the leased property, local market conditions, size of the premises, bargaining power of the developer or property management company, and your landlord’s business practices of granting tenant allowances. The low estimate above represents the cost of a security deposit equal to 1-month rent of a smaller site. The high estimate above represents the cost of a security deposit equal to 2 months’ rent for a 1,000 square-foot Season 2 business. Security deposits, letters of credit or other credit enhancements or security requirements can often range from 2 months’ rent to 6 months’ rent or more, depending on several factors, including the creditworthiness of the tenant and the total construction and transaction costs being paid by the landlord or building ownership.

If you elect to purchase property, we are unable to estimate the cost per square foot due to significant variances based on location, age, and marketing conditions.

We recommend that you consult with a real estate professional in your area before purchasing a franchise, signing a lease, or purchasing property.

Note 10: You will use our proprietary e-commerce marketing and sales technology platform. The stated cost is for the set-up of the franchised business on all required technology platforms. The system is centrally-supported and centrally-serviced.

Note 11: This amount represents an estimate of the down payment on your annual insurance premiums. You must purchase the insurance coverages described in Item 8, which include coverage for commercial general liability, all risks insurance, business interruption insurance and workers’ compensation insurance. Insurance costs will vary depending on the insurer you choose, your location and other factors bearing on risk expense practices that apply in your locality.

Note 12: You will need to purchase product security devices for the security of your inventory of authentic pre-owned designer brand and luxury handbags and accessories.

Note 13: You will need to consult with an accountant and/or an attorney, and you may decide to hold the franchise interest in a legal entity formed before beginning operations.

Note 14: You must comply with all requirements as to permits and licenses in your state and locality. You may be required to comply with fictitious, assumed or trade name laws of the state and locality where your franchised business is located.

Note 15: You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the startup phase to be 3 months, depending on pre-opening sales and abatement of rent as a concession from the landlord. We have relied on our founders' experience operating an authentic luxury handbag and accessory business since July 2020 and our founders combined experience of more than 15 years in the luxury secondary market industry to compile these estimates. New Season 2 businesses may generate a negative cash flow. Actual costs, including the costs of buying merchandise for resale may vary from location to location. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

To protect our common interest, you must operate your franchised business according to our operating standards and system. This includes purchasing or leasing all products, inventory, supplies, equipment, fixtures, computer hardware and software, and certain other products and services, from: (1) us or our affiliates, (2) from approved suppliers, and/or (3) in accordance with our specifications.

#### **Purchases from Us or Our Affiliates**

We may require you to purchase products and services from us or affiliates. We may designate ourselves or our affiliates as the sole approved suppliers of certain products and services we deem required or essential to the business. Currently, we require you to purchase dust bags from us that display the Marks. You must also use our centralized payment system to pay for authentication services provided by an approved supplier. All of your sales and your customer purchases must be completed through our internet-based centralized marketplace located at [season2consign.com](http://season2consign.com). No sales may be made outside of our centralized marketplace. We and an approved supplier are the only approved suppliers for these products and services.

#### **Approved Suppliers**

We maintain a list of approved suppliers and criteria for approving suppliers in our manuals. You must purchase certain services and products from our approved suppliers. We may modify our list of approved suppliers via mail, email, or updates on the Season 2 franchise intranet site. We do not provide any benefits or otherwise discriminate against you based on your use of any particular approved supplier.

Approved suppliers' products and services must meet our standards and specifications.

You may request in writing our approval of additional approved suppliers. We are not required to approve any supplier. We will grant or revoke approvals of suppliers based on the criteria for approving suppliers in our manuals, and based on inspections and performance reviews. We approve only suppliers that demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications; that possess adequate quality controls and capacity to supply the needs of the Season 2 system promptly and reliably; that demonstrate the ability and willingness to work with us to provide the assistance our franchisees' needs; and that comply with our reasonable requirements. We may approve a single supplier for any item, and may approve a supplier only as to a certain item or items. We may grant approvals of new suppliers or revoke past approvals of suppliers on reasonable written notice to you (email is acceptable). We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. For this approval or disapproval, we may charge you a fee equal to our out-of-pocket expenses, plus our then-current per diem charges for our personnel. Our current per diem charge is \$350 per person per day.

Our founders Erika Schrieber and Monica Tapia-Mularski have an ownership interest in us. None of our officers have an ownership interest in any other approved supplier.

#### Equipment and Supply Standards

You must purchase or lease certain equipment and supplies meeting our specifications. Also, you must purchase or lease initial equipment and supplies in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training, operation and record keeping. The initial equipment and supplies that must meet our specifications are identified in our manuals.

#### Site Selection Criteria

You must find a site for your business that meets our site selection criteria. We will not unreasonably withhold our acceptance of any site that meets our standards, including factors such as low visibility, business character of the neighborhood, competition from other businesses providing similar services in the area, demographic characteristics, the nature of other businesses in proximity to the site, the quantity, quality and proximity of residential homes to the site, competitive rental rates, space efficiency, size, appearance, layout, convenient parking, access for couriers and shippers from major streets and roads, and other physical characteristics. Our acceptance of a site is not a representation or warranty that your franchised business will be profitable, and you agree that our acceptance or non-acceptance of any proposed sites does not impose any liability on us. Our acceptance is intended only to indicate that the proposed site meets our minimum criteria for a site.

#### Lease of the Site

We do not review your lease for the site for your franchised business, except to ensure your lease includes provisions comparable to Attachment 7 to the franchise agreement, or any other lease terms that we consider necessary to support our system standards. You must agree not to sign or agree to any modification of the lease that would adversely affect our rights without our prior written consent.

### Maintenance and Repairs

You must maintain your franchised business in the highest and most uniform degree of sanitation, repair, appearance, condition and security in the manner stated in our manuals. You must make additions, alterations, repairs and replacements to your franchised business as reasonably required for that purpose, including periodic repainting and repairs reasonably direct.

### Renovations

We may require you to renovate your franchised business every 5 years to comply with our then-current standards, in order to maintain a comparable quality, efficiency and aesthetic level with newly opened Season 2 businesses. The costs will vary, but are estimated to range from \$15 to \$30 per rentable square foot every 5 years, adjusted for inflation, but in no event will the requirement for such renovations exceed \$50 per rentable square foot every 5 years.

### Specifications

You must ensure that your franchised business meets our standards and specifications, and must follow our requirements for design, decoration, layout, equipment, furniture, fixtures, signs, and other items for the business. Certain products and services, if not purchased or leased from approved suppliers, must meet our specifications.

Any signs, logos, emblems or pictorial materials used for your franchised business must meet our specifications.

### Insurance

Before you open for business, you must obtain from an AM Best rated A-VII (or greater) class of insurer, and thereafter must maintain the insurance coverage that we specify protecting you and us and your and our officers, directors, affiliates and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended endorsement, arising or occurring in connection with the franchised business or the construction of or leasehold improvements to the franchised business, or by reason of the operation or occupancy of the franchised business, as well as such other insurance applicable to such other special risks, if any as we may reasonably require for your and our own protection, and any other insurance required by your state or locality (such as worker's compensation or employer's liability insurance.) You must purchase at least the following insurance coverage from a responsible carrier and must keep it in force during the term of your franchise:

1. Comprehensive general liability insurance with coverage of \$1,000,000 per occurrence, \$1,000,000 per person, and \$2,000,000 in the aggregate (or such greater amounts required by your lease or by us), with \$5,000 per person medical benefits and a maximum deductible of \$2,500 (including coverage for advertising, liability, blanket contractual liability, broad form property damage liability, completed operations liability, independent contractor liability, personal liability, and product

liability), naming us and our affiliates as additional insureds in each policy or policies.

2. All risks insurance with coverage for full replacement value of all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of your franchised business (including theft, and hurricane, wind, flood and/or earthquake coverage where there are known risks).
3. Business interruption insurance in the amount of \$250,000, or in an amount equal to the estimated annual Gross Sales of the Season 2 business, whichever is greater.
4. Workers' compensation insurance consistent with applicable law.

We may change the types and limits of required insurance on reasonable notice, and we reserve the right to approve each insurance policy and insurer.

#### Modifications of Specifications

Our specifications are in our manuals. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any product, equipment or supply we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate, or that any product, equipment or supply meets our specifications then in effect. We may perform tests to determine if any product, equipment or supply meets our specifications. We may charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or inspection. Our current per diem charge is \$350 per person per day.

Currently, we have no purchasing or distribution cooperatives. We may establish cooperatives and require you to participate in them in the future.

#### Revenue to Us

If you purchase or lease equipment or supplies from us, we may make a reasonable profit from the sale or lease of those items. We will derive revenue from the services and products that we provide to franchisees. During our 2024 fiscal year, we derived \$142,914 in revenue from services and products we provided to franchisees, which represents 33% of our total revenue of \$437,804 for the 2024 fiscal year.

As of the date of this disclosure document, we do not have any arrangements with suppliers to receive revenue based on your purchases, and we did not receive any revenue from any supplier based on franchisee purchases during our 2024 fiscal year. We may, however, enter into agreements in the future under which we derive revenue on terms agreed between us and the suppliers based on their lease or sale of required or approved products or services to our

franchisees. We may use any revenue we receive for any purpose we consider appropriate, unless we agree otherwise with the suppliers.

### Magnitude of Required Purchases or Leases

We estimate that the following purchases and leases of services and products will represent the following percentages of your total purchases and leases of services and products to establish and operate your franchised business:

	<u>% to Establish</u>	<u>% to Operate</u>
Purchases and/or leases from us	0% to 10%	5% to 10%
Purchases and/or leases from approved suppliers	30% to 70%	30% to 70%
Purchases and/or leases under our specifications	70% to 90%	70% to 90%

### Item 9

#### **FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection & acquisition/lease	V.B	11
b. Pre-opening purchases/leases	V.N	5, 7 & 8
c. Site development/other pre-opening requirements	V.D	5, 7 & 11
d. Initial & ongoing training	V.E & V.H	11
e. Opening	V.D	11
f. Fees	IV	5 & 6
g. Compliance with standards/policies/operating manual	V.M & VII	11
h. Trademarks & proprietary information	V.R, VI, VII & VIII	13 & 14
i. Restrictions on products/services offered	V.M.2	16
j. Warranty & customer service requirements	N/A	12
k. Territorial development & sales quotas	N/A	12
l. Ongoing product/service purchases	V.N	8
m. Maintenance/appearance/remodeling requirements	V.J	6
n. Insurance	X	7 & 8
o. Advertising	V.F	6 & 11
p. Indemnification	XVII	6

	<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
q.	Owner's participation/management/staffing	V.G	11 & 15
r.	Records & reports	IX	17
s.	Inspections & audits	IX.E	6 & 11
t.	Transfer	XI	6 & 17
u.	Renewal	II.B	6 & 17
v.	Post-termination obligations	XIII	17
w.	Non-competition covenants	XIV.B	17
x.	Dispute resolution	XXIV & XXV	17
y.	Liquidated damages	XIV.I & XVIII.A	6

### **Item 10**

## **FINANCING**

Neither we nor any affiliate offers direct or indirect financing, or guarantees your notes, leases or obligations.

### **Item 11**

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

**Except as listed below, we need not provide any assistance to you.**

Before you open your business, we will provide you with:

1. An initial training program in the operation of the franchised business for up to 2 persons (Section III.A of the franchise agreement). We may require you to pay a \$1,000 training fee per additional trainee. Also see Training below.
2. Access to our Manuals (Section III.A of the franchise agreement). Also see Manuals below.
3. Specifications for equipment, supplies, decor, management and operation of the franchised business (Section III.A of the franchise agreement).
4. Assistance in developing your opening advertising and initial marketing plans (Section III.A of the franchise agreement).
5. Provide you with an initial supply of dust bags and authentication hardware (Section IV of the franchise agreement)



During the operation of the franchised business, we will:

1. Provide general advisory assistance and field support that we consider helpful to you in the ongoing operation, marketing, advertising, promotion, and financial management of the franchised business, by any method we consider appropriate (Section III.B of the franchise agreement).
2. Continue our efforts to establish and maintain high standards of quality, customer satisfaction and service (Section III.B of the franchise agreement).
3. Provide you with updates, revisions and amendments to our Manuals (Section III.B of the franchise agreement).
4. Coordinate and conduct periodic training programs as we consider necessary in our sole discretion, including an annual convention and/or conference, in a location we designate (Section III.B of the franchise agreement). See also Training below.
5. Periodically conduct inspections of your franchised business and its operations (Section III.B of the franchise agreement).
6. At our option, provide you with a standard web page on our website, promoting the franchised business, and a free email address (Section III.B of the franchise agreement).
7. We are not obligated to assist you in establishing prices, such as setting minimum or maximum prices at which you must sell products or services.

### Site Selection

If you have not selected a site when you sign the franchise agreement, we will agree on a non-exclusive assigned area within which you can locate a site for your franchised business. You will select the site for your franchised business, subject to our written acceptance. We will accept or reject a proposed site after you propose it in writing with appropriate documentation, based on our site selection criteria. We must accept your site before you sign a lease or purchase contract for the site. We do not review your lease, except to ensure that it contains certain provisions for the protection of system standards. You may not sign any lease or purchase contract for a proposed site until you have submitted a copy to us and received our written consent to execute the submitted document. You must obtain our written acceptance of the site and the lease or purchase contract before you begin construction, improvements or renovation of the site. If we do not accept a site, you must propose another site. Your acquisition of any site before our acceptance of the site will be your sole risk and responsibility, and will not obligate us in any way to accept the site. Our acceptance of a proposed site is not in any way our warranty or representation as to the suitability of the site for a franchised business. We will promptly review any site you propose with appropriate documentation. You must identify a site, obtain our acceptance of the site and sign a lease for the site within 2 months after signing your franchise agreement. If you are delayed in selecting a site which has been accepted by us within 2 months, you must provide us with a written request to delay site selection. Your request must state: 1) the reasons that caused the delay; 2) the

efforts that you are making to proceed with the site selection; and 3) an anticipated site selection date. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 90 days, if you have been diligently pursuing the site selection. If, for any reason, you have not selected a site that has been accepted by us within 2 months, or if you have not selected a site that has been accepted by us within any delay period to which we have consented, we may terminate your franchise.

### Opening

We estimate that the typical length of time between the signing your franchise agreement and the opening the franchised business is about 3 to 6 months. Factors affecting this length of time include locating a site that we accept, negotiating a lease or purchase contract, making necessary arrangements, completing construction, improvements or renovations, obtaining business licenses and permits, and attending and completing initial training. You will obtain all business licenses, permits and certifications required for lawful construction and ongoing operation of the franchised business (including, without limitation, zoning, access, variances, health and safety, sign and fire requirements) and will certify in writing to us that all such licenses, permits and certifications have been obtained prior to opening.

You must identify a site, obtain our acceptance of the site and sign a lease for the site within 2 months after signing your franchise agreement, and must complete improvements and be open for business within 6 months after signing your franchise agreement. In evaluating a proposed site, we will take into account factors such as demographics, convenient parking, access for couriers and shippers from major streets and roads, local ordinances, competition, size, appearance, and other physical characteristics of the proposed site.

If you are delayed in selecting a site which has been accepted by us within 2 months or opening within 6 months, you must provide us with a written request to delay site selection or opening. Your request must state: 1) the reasons that caused the delay; 2) the efforts that you are making to proceed with the site selection or opening; and 3) an anticipated site selection or opening date. In considering the request, we will not unreasonably withhold our consent to a delay, up to a maximum of 90 days, if you have been diligently pursuing the site selection or opening. If, for any reason, you have not selected a site that has been accepted by us within 2 months, or you have not opened your business within 6 months, or if you have not selected a site that has been accepted by us or not opened your business within any delay period to which we have consented, we may terminate your franchise.

### Marketing Fund Contributions

We have established a Marketing Fund. Weekly, you must pay a contribution to the Marketing Fund in an amount not to exceed 2% of your Gross Sales or \$25 per week (whichever is greater). We may delay imposition of this fee in our sole discretion based on the growth of the franchise system and other factors.

Other franchised Season 2 businesses may make the same contributions or lower contributions. Affiliate-owned Season 2 businesses may make the same contributions, lower contributions, or no contributions.

The Marketing Fund is for international, national, regional and local marketing, public relations and promoting the System and Marks, and the design and development of advertising, public relations and marketing materials and programs. We or our agent, direct all advertising and/or promotional programs and have sole discretion over the concepts, materials and media used in such programs and their placement and allocation. We plan to use outside advertising agencies, and our in-house personnel to create advertising. We are not obligated to administer the Marketing Fund to ensure that any particular franchisee benefits directly or pro-rata from expenditures by the Marketing Fund.

We or a designee will use the Marketing Fund, including all contributions and earnings, to meet the costs of administering advertising, promotional programs, market research and/or promotional activities, including costs of marketing personnel (including C-Suite level personnel), preparing and producing television, radio, internet, magazine and newspaper advertising campaigns, marketing surveys, website improvements, social media boosting, promotional brochures and other marketing materials, and conducting other public relations activities and using advertising agencies and third party vendors for assistance. We will not use the Marketing Fund to solicit the sale of new franchises. We or a designee will maintain the Marketing Fund in an account separate from our general operating account, and will not use the Marketing Fund to defray any of our or the designee's expenses, except for such reasonable administrative costs and overhead as we or the designee incur to administer or direct the Marketing Fund.

We or a designee will administer the Marketing Fund and, on your written request, make an annual unaudited financial statement available to you for your review 90 to 120 days following the year-end, provided you are in substantial compliance with the Franchise Agreement and all reporting requirements and have been substantially in compliance with the same at all times during the 6-month period prior to your request. We will respond to reasonable requests by you for information relating to advertising channels, advertising companies, vendors, and quarterly analytics if available, provided you are in substantial compliance with the Franchise Agreement and all reporting requirements and have been substantially in compliance with the same at all times during the 6-month period prior to your request. If all contributions to the Marketing Fund are not spent in the fiscal year in which they are collected, the contributions remain in the Marketing Fund for future use. During the fiscal year ending December 31, 2024, we collected no contributions to the Marketing Fund, so the Marketing Fund was used for production (0%), media placement (0%), administrative expenses (0%), and other (0%). We may terminate the Marketing Fund, but it cannot be terminated until all monies have been spent for advertising and/or promotional purposes or returned to contributors.

### Advertising Cooperative

We may require you to join an advertising cooperative for the designated marketing area within which your franchised business is located. We have discretion over the definition of designated marketing areas; the formation, modification, dissolution or merger of advertising cooperatives; and the establishment of rules and regulations for advertising cooperatives. We may direct a cooperative to manage the required advertising of all members of the cooperative, the cost of which will not be included in the cooperative assessment. Subject to our approval, any lawful action, including the amount of any assessment by a cooperative, is binding if approved by a vote of a majority of members of the cooperative at any meeting having a quorum (at least 2/3 of the

members). Each member will have 1 vote for every franchise owned; provided, however, that no franchisee (or commonly controlled group of franchisees) will have more than ½ of the vote in a cooperative, regardless of the number of franchises owned, and we will have 1 vote if necessary to break a tie vote. Assessments by a cooperative will not exceed 2% of your monthly Gross Sales, and you may reduce your local advertising expenditure by any amount assessed by a cooperative.

### Advertising Council

We may establish an advertising council of franchisees to advise us on advertising policies. If established, we intend that the council will be advisory and have no operational or decision-making power. We will determine how members are selected, and will have the right to change or dissolve the council.

### Local Advertising

In addition to paying the weekly Marketing Fund contributions, you must spend at least an amount monthly which is equal to 1% of your gross sales or \$1,000 (whichever is greater) on local advertising for your franchised business, and must comply with any advertising requirements stipulated by the lease for the franchised business location. All of your local advertising must comply with our policies and procedures for the prior approval of all proposed marketing and promotional campaigns and materials. Campaigns and materials are disapproved unless we approve them within 15 days after you submit them to us. We may request evidence from you of your local advertising expenditures in the form and at the times we consider appropriate.

### Website(s)

We or our affiliates have registered or licensed the following domain names: [www.season2consign.com](http://www.season2consign.com) and [www.season2franchising.com](http://www.season2franchising.com). Currently, we maintain a corporate website on the internet to advertise and promote the franchise system, and the products and services marketed by us and the franchise system. We may establish a private intranet for our franchisees that can be accessed only by means of user names and passwords. You must follow our policies and procedures. We may also develop, and make available to you for additional fees, website upgrades, services and enhancements, such as e-commerce services. Currently, we provide you with a standard web page promoting your location, accessible through our website, including a free email address. You may, at your option and cost, and subject to our approval, customize your website. See Attachment 8 to the franchise agreement for more information.

We may maintain a complete e-commerce website and mobile ordering platforms featuring all or various approved Season 2 products for pickup or delivery. You will have access to the website and platforms. We may change, adapt or build onto the website or platforms, and you may request us to modify the website or platforms to fit your specific requirements, subject to our right to do or not do the work. We may charge you field support fees for any work of this type that we do at your request.

### Computer and Internet Requirements

You must purchase and use the following non-proprietary computer systems: a security system and MAC computer system. The cost of the computer systems including hardware and software is \$1,499 to \$4,499.

The computer system requires a MAC computer, with the maximum amount of memory available. The computer system is for functions such as inventory management, pickup or delivery, security, order processing, email, data sharing, enterprise reporting, and other internet-related functions. The computer system also requires authentication hardware. This hardware is used to verify the authenticity of inventory.

Currently, the designated software for the computer system, which you may purchase from any source, includes: Outlook, Word, Entrupy Authentication, SimpleConsign, Trendful, PowerPoint and Excel by Microsoft, QuickBooks by Intuit, Adobe Acrobat, Lightroom, Calendly, Potoroom, and a virus protection program. Access to some, but not all of these software applications are provided to you as part of our centrally-supported technology system.

SimpleConsign is our current specified consignment management system. The cost of SimpleConsign is \$309 per month as of the date of this disclosure document. SimpleConsign may increase its fees.

You must purchase a security system that meets our specifications from an approved supplier. This system may cost \$400 or more.

You will use our proprietary e-commerce marketing and sales technology platform. The cost to set-up the franchised business on all required technology platforms is approximately \$15,000. The system is centrally-supported and centrally-serviced. Currently, you must pay us or our designated supplier a technology support fee of \$1,000 per month for access to the technology system. This fee may increase on 60 days' advance written notice to you, as services may expand or based on changes in technology.

You must upgrade your computer hardware and software as we require. You may be required to prepare reports and transmit reports to us electronically, and we will have independent access to your e-commerce platform activities, online payments records, computer system, and the information generated by and stored in your computer system.

Upgrades and updates of computer hardware and software are required as and when needed to support any technology advances. There are no contractual restrictions as to the frequency of the required upgrades or updates we may require. The cost of upgrades and updates could be about \$1,000 annually. Since computer technology is changing rapidly, this is only an estimate. We may modify our specifications for technology at any time. If so, you may be required to purchase computer hardware and software and incur other costs. We will give you reasonable notice before requiring you to conform with modifications for technology. There are no limits on our right to modify our specifications.

In the future, we may develop proprietary hardware or software, including security hardware and software. If so, you will be required to purchase and use the hardware and software. We will give you reasonable notice before requiring you to use proprietary hardware or software.

You must maintain high-speed internet access at your expense. Currently, you must maintain a minimum of 75 Mbps to 150 Mbps for internet access.

We may charge you a reasonable field support fee, or may require you to hire a third-party supplier, for: (i) installing, modifying or enhancing any computer hardware or software that we develop and license to you; and (ii) providing other computer-related maintenance services that we or our affiliates provide to you. If we require you to hire a third-party supplier, you must pay the supplier directly. If we or any of our affiliates license any proprietary software to you, or otherwise allow you to use technology that we develop or maintain, then you must sign any software license agreement or similar instrument that we or our affiliate may require.

You may not install or use any unauthorized computer hardware or software without our prior written consent. If we determine that any unauthorized software has been installed on your systems, you must immediately remove the software on written notice from us.

### Training

Initial training will take place at a location we designate. We are flexible in scheduling initial training to accommodate new franchisees and may schedule up to 6 training sessions per year. You may send up to 2 persons without charge. Subject to the availability of our staff, you may send additional trainees, and we may charge you \$1,000 per additional trainee. You must pay travel, meals, lodging, wages, and other expenses for yourself and your employees. You must complete initial training to our satisfaction before opening your franchised business.

As of the date of this disclosure document, we intended to provide the following initial training for a new Season 2 business:

### **CLASSROOM TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>LOCATION</b>
Welcome and Our History	2	West Palm Beach, FL or other location we designate
Business Standards and Staffing	4	West Palm Beach, FL or other location we designate
Establishing Your Office	2	West Palm Beach, FL or other location we designate

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>LOCATION</b>
Establishing Your Digital Presence	4	West Palm Beach, FL or other location we designate
Sales - Live Stream Training	8	West Palm Beach, FL or other location we designate
Purchasing and Processing Inventory	8	West Palm Beach, FL or other location we designate
Marketing and Brand Management	4	West Palm Beach, FL or other location we designate
Accounting and Reporting	3	West Palm Beach, FL or other location we designate
Management Practices and Open Discussion	5	West Palm Beach, FL or other location we designate
<b>TOTAL</b>	<b>40</b>	

### **OPERATING LOCATION TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of On-the-Job Training</b>	<b>LOCATION</b>
Franchisee On-Site Orientation	2	Operating Location
Operating Procedures	2	Operating Location
Digital Marketing Training	4	Operating Location
Sales - Live Stream Training (franchisee location)	4	Operating Location
Live Stream Event (x2)	8	Operating Location
Purchasing Product Through Third Parties	2	Operating Location

<b>Subject</b>	<b>Hours of On-the-Job Training</b>	<b>LOCATION</b>
Technology Training	4	Operating Location
Purchasing Programs and Vendor Management	2	Operating Location
Exceptions	2	Operating Location
Problem Resolution - CX	2	Operating Location
Site Policies	2	Operating Location
Open Discussion	6	Operating Location
<b>TOTAL</b>	<b>40</b>	

All of our current instructors have 1 to 15 years of experience with the subjects they will teach, and 1 year of experience with us. Our current instructors are: Monica Tapia-Mularski, our Co-Founder and CEO, and Erika Schrieber, our Co-Founder and COO. The instructors, and consequently the level of experience of the instructors teaching the subjects, are subject to change at any time.

The business opening training will be conducted by 1 trainer, who will spend 1 week at your location to support your opening. You will reimburse us for the trainer's reasonable travel, meal and lodging expenses associated with the business opening training.

The hours per subject are estimates only and are subject to change at any time.

We will attempt, to the extent possible and productive, to provide online refresher and additional training at no cost to you.

### Manuals

Our Manuals are confidential and will remain our property.

The Table of Contents of our current Manual as of the date of this disclosure document is included in Exhibit J of the disclosure document. There are approximately 148 pages in the Manual.

## **Item 12**

### **TERRITORY**

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.



If you do not have a site reviewed and accepted by us when you sign the franchise agreement, we will agree on a non-exclusive assigned area in which you will locate an accepted site. You are not granted any continuing territorial rights to any assigned area. We do not guarantee that your protected territory is or will be the same as any assigned area. In a high-density urban area, your protected territory may be restricted to a small area within specified street boundaries. In a suburban area, your protected territory may be defined by ZIP codes, a city or county, geographical boundaries such as roads or rivers, a map, a radius, or other geographic features. We will designate your protected territory in our discretion, taking into account factors such as demographics, household counts, and other key metrics. A protected territory generally will include a population of 500,000 to 1 million.

If you comply with your obligations under your franchise agreement, neither we nor our affiliates will establish or grant any other person the right to establish another Season 2 business in your protected territory. Otherwise, we and our affiliates have the right to establish Season 2 businesses at any sites deemed appropriate. Further, we and our affiliates may sell related products and services in other channels of distribution, and operate, license or franchise other systems in the future from any locations, including locations in or outside of the Protected Territory, without compensation to you. Finally, we may offer, grant and support franchises in similar and dissimilar lines of business. Neither we or our affiliates operate or plan to operate or franchise businesses under a different trademark that will sell similar goods or services to those you sell.

We grant you the right to access and use our proprietary e-commerce platform for the purpose of marketing and selling authentic luxury handbags and other approved goods that you procure from certain designated and approved suppliers (including on a consignment basis). You may not sell any items through other Internet sites, applications or platforms, including social media sites or the metaverse. You may market and advertise items using certain social media sites that we approve and under our specifications. All sales must be completed using our online, e-commerce platform. There are no territorial protections as it relates to sales through our e-commerce platform. You and other franchisees may sell items through our online, e-commerce platform to consumers in other franchisee's territories or in territories we own, and we and other franchisees may sell to consumers that live in your protected territory. We reserve the right to modify or discontinue our e-commerce platform at any time.

You will be permitted to solicit suppliers that we approve and that meet our specifications (including wholesalers and consignors) within a designated trade area around the site of your franchised business, which we will designate in our discretion. The designated trade area may be larger than your protected territory. You will be permitted to solicit suppliers, including consignors and wholesalers, outside of the Designated Trade Area, provided the suppliers are designated as pre-approved by us in our current written approved supplier list or if not listed, you obtain our prior written approval. You will be permitted to solicit customers and market and advertise approved products and services through pop-up events, parties and other in-person appointments and events, as long as the events, parties and appointments are hosted within your designated trade area and all customer sales are completed through our on-line e-commerce platform. We will have the right to modify or reduce the designated trade area, if we operate or grant another person the right to operate another Season 2 business within the designated trade area, but not within your

protected territory. We will have the right to modify the approved supplier list and withdraw our approval of any supplier at any time.

You do not have any right of first refusal or option to purchase additional franchises.

### Relocation and Expansion

You may relocate your franchised business to a new location only if you meet all of the following conditions: 1) you give us written notice of the proposed relocation at least 90 days before the proposed relocation date; 2) the new proposed location is in the same protected territory as the original location, or is otherwise in an area that we approve; 3) you are not in default of the franchise agreement or any other agreement between you and us, or in default of the lease for the former location; 4) you are current on all of your financial obligations to us; 5) you deliver to us a current financial statement, including a profit and loss statement for your franchised business during the last 12 months of operation at the former location; 6) you deliver to us a copy of the lease for our acceptance before its execution for the new location and deliver an executed copy to us after you have received our consent to sign the lease; 7) the new franchised business is constructed, located and equipped in accordance with our then-current design and other standards; 8) you pay us a non-refundable relocation or expansion fee at least 30 days before opening for business in the new location; 9) you receive our written consent to relocate your franchised business to the proposed new location that meets with our site selection criteria and has been accepted by us; 10) there is no interruption in the operation of your franchised business; 11) you follow all of our pre-opening requirements and pay all required fees; and 12) you submit and we approve a relocation plan that complies with our specifications, which plan must include suitable arrangements to de-identify the location that you are vacating in order to protect our trade dress, and to ensure that the former location will not be used to operate a business that is similar to the franchised business after you vacate the location.

## **Item 13**

### **TRADEMARKS**

We grant you the non-exclusive right and obligation to use the trademark, service mark and trade name Season 2<sup>®</sup> and other trademarks, service marks, trade names, logos, trade dresses, and commercial symbols (“Season 2 trademarks”) that we make available to you, for providing services and products under the System at your franchised business. All rights in and good will from the use of the Season 2 trademarks accrue solely to us and/or our affiliates.


You must use all of the Season 2 trademarks in full compliance with our standards and specifications. You may not use any of the Season 2 trademarks for the sale of unauthorized services or products or in any manner we have not authorized in writing. You may not use any of the Season 2 trademarks as part of any legal entity name, website address, email address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design, except as we direct.

### Federal Registrations and Applications

Our affiliate, Season 2 Consign LLC, owns the following trademarks identified in the table below that have been registered with the United States Patent and Trademark Office (“USPTO”) on the Principal Register, or have an application pending. All required affidavits of continued use have been filed and accepted. The primary trademark you will use to identify the franchised business is Season 2 and the other trademarks identified below are those which will be used in marketing and advertising.

<b>DESCRIPTION</b>	<b>SERIAL or REGISTRATION NUMBER</b>	<b>REGISTRATION or APPLICATION DATE</b>	<b>REGISTRATION or PENDING</b>
NO LUXE LEFT BEHIND (WORD MARK)	6904913	November 22, 2022	Registered on the Principal Register
SEASON 2 (WORD MARK)	6994757	March 7, 2023	Registered on the Principal Register
HANDBAGS FOR THE PEOPLE (WORD MARK)	98000140	May 17, 2023	Pending

The principal trademark shown on the cover page of this disclosure document (and identified in the table below) is not registered on the Principal or Supplemental Register of the USPTO. Season 2 Consign has not yet filed a trademark application for that trademark. Therefore, that trademark does not have as many legal benefits and rights as trademarks with Principal Register federal registrations. If Season 2 Consign’s right to use that trademark is challenged, you may have to change to an alternate of that trademark, which may increase your expenses.

<b>DESCRIPTION</b>
 (LOGO MARK)

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Season 2 trademarks that are relevant to their use by our franchisees. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of another trademark to protect the Season 2 trademarks.

### Agreements

Season 2 Consign LLC has granted us a license to use and sublicense the use of the Season 2 trademarks. The term of the license is perpetual. The license is nationwide in the United States,

and is royalty-free. If the license is terminated for any reason, you will still have the right to continue to use the Season 2 trademarks during the term of your franchise.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or to license the use by franchisees of the Season 2 trademarks in any manner that is material to your franchised business.

### Protection of Rights

You must notify us promptly of any use by any person or legal entity other than us or our franchisees, of any of the Season 2 trademarks or any variation of any of those trademarks. We will decide the actions to be taken against the use of any of the Season 2 trademarks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong and progressive actions (that may include bringing litigation) against that use. Any actions that we take will be at our expense.

You must notify us promptly of any litigation brought against you involving any of the Season 2 trademarks, and you must deliver to us copies of any documents for the litigation that we request. We will decide whether to settle or defend any trademark litigation brought against you. If we decide to take either action, we will do so at our expense, but you must cooperate with us. If we decide not to defend or settle any trademark litigation brought against you, you must defend or settle the litigation at your expense. We will control any litigation or proceeding concerning the Season 2 trademarks.

Because your telephone listings will be associated with the Season 2 trademarks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listings will be to our benefit.

We may acquire or develop additional trademarks, and may use those trademarks ourselves, make those trademarks available for use by you and other franchised businesses, or make those trademarks available for use by other persons or entities. You may not directly or indirectly contest our rights in the Season 2 trademarks.

### Indemnification of You

We will indemnify you to the extent that litigation involves defending against infringement or unfair competition if you are using the Season 2 trademarks in accordance with the franchise agreement and our manuals, if you allow us sole control of the defense and settlement of any claim, and if you give us notice of a claim within 30 days after you learn about the claim.

### Modification of Trademarks

We may require you to modify or use a substitute for any of the Season 2 trademarks. If we do, you must pay your cost of compliance. We will allow you sufficient time to make the change in a cost effective matter. We also may require you to use and display a notice in a form we approve that you are a franchisee under the System using the Season 2 trademarks under a franchise agreement.

### Superior Prior Rights or Infringing Uses

We do not know of any superior prior rights or infringing uses that could materially affect your use of the Season 2 trademarks.

### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents

There are no patents or patent applications that are material to the franchise.

We do not own any rights in or to any patents that are material to an area grant.

#### Copyrights

Various marketing, sales, training, management and other materials (including business specifications and floor plans) that we have created are and will be protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for the purpose of promoting your franchised business.

There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials that are relevant to their use by our franchisees.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise. All of the provisions in Item 13 under the heading “Protection of Rights” also apply to copyrights.

We do not know of any superior rights in or any infringing uses of our copyrighted materials that could materially affect your use of the copyrighted materials.

We do not own any rights in or to any copyrights that are material to an area grant.

#### Proprietary Information

We have proprietary, copyrighted manuals that include guidelines, standards and policies for the operation of your business, and other proprietary, copyrighted materials. Item 11 describes the manuals and the manner in which you may use them. All proprietary manuals and materials provided to you are for your exclusive use during the term of the franchise, and may not be reproduced, copied, loaned to, used by or shown to any person outside the System without our permission.

We may provide you with proprietary information for an area grant. This information is for your exclusive use during the term of the area grant, and may not be reproduced, loaned or shown to any person outside the System.

### **Item 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

We believe that the success of your franchised business will depend on your direct personal and continued efforts, supervision and attention. If you are an individual, you or a trained manager must personally manage your franchised business at all times. If you are a legal entity, your managing shareholder, partner, or member, or a trained manager, must personally manage your franchised business at all times.

If you are an individual, you and your original manager, or only your original manager (subject to our approval, which may be conditioned on your attending a training program), must attend and successfully complete initial training.

If you are a legal entity, your managing shareholder, partner, or member and your original manager, or only your original manager (subject to our approval, which may be conditioned on your managing shareholder, partner, or member attending a training program), must attend and successfully complete initial training. If you are a legal entity, each shareholder, principal officer, partner, or member and their spouses must personally guarantee your obligations under the franchise agreement and also agree to be personally bound by, and personally liable for breach of, the franchise agreement (see Attachments 5 and 6 to the franchise agreement).

Any replacement manager must attend and successfully complete initial training. A manager does not need to have an equity interest in the franchised business.

Before granting him or her access to the manuals or any confidential information, you must have each manager, supervisory employee or independent contractor, key staff member, and any other person attending initial training, sign an agreement in a form acceptable to us in which he or she agrees to 1) not disclose information to anyone outside the System; 2) not use any information about the System for his or her own benefit or for the benefit of any third party; and 3) not compete with your business or our other franchisees' businesses for a specified period of time after ceasing to be affiliated with or employed by your franchised business. See Exhibit D to this disclosure document for our current form of agreement.

### **Item 16**

#### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

To provide uniformity and protect the System, you must offer, and may only offer, the products and services that we authorize in the Manuals, as they may be periodically updated, and you are prohibited from offering or selling products and services that we do not authorize. There is no limit on our right to change the types of authorized services and products.

You are prohibited from soliciting other franchisees either directly or indirectly for any other business or investment activity. You must sell products and services through our online e-commerce platform. There are no limitations imposed on the persons or businesses to whom you may sell products and services through our online e-commerce platform, except as imposed by the nature of the System itself. You may market and advertise, authorized products and services through other Internet social media sites with our approval and in accordance with our specifications, but you may not sell products and services through other sites; all sales must be completed through our online e-commerce platform. You may not market and advertise authorized products and services at pop-up events, parties and other in-person events and appointments outside your designated trade area. All sales of authorized products and services through pop-up events, parties and other in-person events within your designated trade area must be completed through our online e-commerce platform.

You may not solicit suppliers (including wholesalers and consignors) outside your designated trade area, unless the suppliers are designated as pre-approved by us in our current written approved supplier list or if not listed, you obtain our prior written approval.

### **Item 17**

## **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

### **THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise agreement and its related agreements. You should read these provisions in the agreements included in Exhibit B to this disclosure document.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	II.A	The initial term of your franchise is 7 years.
b. Renewal or extension of the term	II.B	You may renew for successive additional 7-year terms, unless the lease term is shorter.
c. Requirements for you to renew or extend	II.B	Give notice, be in compliance, pass inspection, renovate to meet our then-current standards, sign our then-current agreement, pay renewal fee, complete retraining, sign general release. The new franchise agreement you sign may have materially different terms and conditions than your original franchise agreement, including a different protected territory.
d. Termination by you	Not applicable.	Not applicable.
e. Termination by us without cause	Not applicable.	Not applicable.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
f. Termination by us with cause	XII	We may terminate your franchise with cause.
g. “Cause” defined – curable defaults	XII.B	You have 30 days to cure: non-payment of any amount owed; non-maintenance or non-submission of reports; failure to maintain standards; failure to promote the franchised business; misuse of proprietary marks; failure to complete training; failure to follow advertising rules; violation of federal, state or local law; failure to maintain insurance; understatement of gross sales by 5% or more; failure to maintain licenses and permits; threat to public safety; or uncured default of lease.
h. “Cause” defined – non-curable defaults	XII.A	Bankruptcy or similar, abandonment, material misrepresentation, excessive use of alcohol and/or abuse of drugs, conviction of felony, illegal or immoral activity, unsatisfied judgment, disclosure of confidential information, failure to comply with covenants, false records or statements, failure to sign lease on time, failure to open on time, deceptive or unlawful conduct, unauthorized amendment of lease without our prior consent, repeated defaults (even if cured), unauthorized transfer, relocation without notice or our prior consent, or 3 consecutive missed payments.
i. Your obligations on expiration, termination, or non-renewal	XIII	Your obligations include cessation of operations; de-identification; cancel assumed names; return materials; assign telephone listing; non-competition and adherence to covenants; pay amounts due, including damages, costs and expenses if incurred by us; assign lease, at our option; allow us to assume operations, at our option; (see also r, below).
j. Assignment of contract by us	XI.A	We may assign to any entity capable of performing our obligations.
k. “Transfer” by you – defined	XI.B	Includes transfer of ownership, agreement or assets.
l. Our approval of transfer by you	XI.B	We have the right to approve all transfers, but our approval will not be unreasonably withheld.



<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
m. Conditions for our approval of transfer	XI.B	You are in compliance; fees are current; new franchisee qualifies and signs then-current agreement; the franchised business meets then-current standards; transfer fee paid; training completed; you sign release; compliance with local licensing requirements and other regulations; (see also r, below).
n. Our right of first refusal to acquire your business	XI.E	We may match any offer.
o. Our option to purchase your business	XIII.J	We may purchase the franchised business on expiration, termination or non-renewal.
p. Your death or disability	XI.F	Subject to certain conditions, we will approve transfer to spouse, heirs or relatives within 6 months; or, subject to normal transfer conditions and right of first refusal (see m and n, above), estate must transfer business to a third party approved by us.
q. Non-competition covenants during the term of the franchise	XIV.B	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise expires, or is terminated or not renewed	XIV.C	No competing business for 2 years within 30 miles of any Season 2 business, including your previous franchised business.
s. Modification of the agreement	XV	Modification only on written agreement of the parties.
t. Integration/merger clause	XXII	Only the terms of the franchise agreement and its attachments are binding (subject to state law). Any other promises may not be enforceable.  Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XXV	Except for certain claims, all disputes will be mediated and arbitrated.
v. Choice of forum	XXIV.B	Mediation and arbitration must be in the AAA office, and litigation in the state or federal court with subject matter jurisdiction, located nearest to the city or county in which our headquarters office is located at the time (currently West Palm Beach, Palm Beach County, Florida), subject to state law.
w. Choice of law	XXIV.A	Florida law applies, subject to state law.

### **Item 18**

## PUBLIC FIGURES

We do not use any public figures to promote the franchised business.

### Item 19

#### FINANCIAL PERFORMANCE REPRESENTATIONS

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

The financial performance representation included in this Item 19 pertains to the historic performance of all franchised outlets open as of December 31, 2024. “Gross sales” means total sales revenue derived from the sale of goods or services, less sales tax, discounts, refunds, allowances or returns.

#### Annual Gross Sales of All Franchised Outlets For 2024

Location	Annual Gross Sales (2024)	Months Open
Central New Jersey	\$346,235.77	23 Months
Las Vegas	\$191,702.19	22 Months
Tampa	\$295,355.31	14 Months
Orlando	\$183,412.74	14 months
Ft. Lauderdale	\$245,882.12	11 Months
Northern New Jersey	\$207,579.80	9 Months
Raleigh-Durham	\$90,128.40	5 Months
Austin	\$86,139.32	5 Months

**Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Monica Tapia-Mularski, 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401, (561) 972-2392, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **Item 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

#### **TABLE NO. 1**

#### **Systemwide Outlet Summary For Years 2022 to 2024 <sup>1</sup>**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets At Start Of Year</b>	<b>Outlets At End Of Year</b>	<b>Net Change</b>
Franchised	2022	0	0	0
	2023	0	4	+4
	2024	4	8	+4
Company-Owned	2022	1	2	+1
	2023	2	1	-1
	2024	1	1	0
<b>Total Outlets</b>	<b>2022</b>	<b>1</b>	<b>2</b>	<b>+1</b>
	<b>2023</b>	<b>2</b>	<b>5</b>	<b>+3</b>
	<b>2024</b>	<b>5</b>	<b>9</b>	<b>+4</b>

Note 1: We do not own or operate any outlets. In this Item 20, "company-owned outlets" refer to outlets owned and operated by our affiliate, Season 2 Consign LLC.

**TABLE NO. 2**

**Transfers Of Outlets From Franchisees To New Owners  
(Other Than Franchisor Or An Affiliate) For Years 2022 to 2024**

State	Year	Number of Transfers
All states	2022	0
	2023	0
	2024	0
<b>TOTAL</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**TABLE NO. 3**

**Status Of Franchised Outlets For Years 2022 to 2024**

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations – Other Reasons	Outlets At End Of Year
California	2022	0	1	0	0	1	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Colorado	2022	0	0	0	0	0	0	0
	2023	0	1	1	0	0	0	0
	2024	0	0	0	0	0	0	0
Florida	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Nevada	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2024</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

**TABLE NO. 4**

**Status Of Company-Owned Outlets For Years 2022 to 2024**

<b>State</b>	<b>Year</b>	<b>Outlets At Start Of Year</b>	<b>Outlets Opened</b>	<b>Outlets Re- Acquired From Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold To Franchisees</b>	<b>Outlets At End Of Year</b>
California	2022	0	0	1	0	0	1
	2023	1	0	0	1	0	0
	2024	0	0	0	0	0	0
Florida	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
<b>Totals</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2023</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>
	<b>2024</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**TABLE NO. 5**

**Projected Openings as of December 31, 2024**

<b>State</b>	<b>Franchise Agreements Signed But Outlets Not Open as of December 31, 2024</b>	<b>Projected New Franchised Outlets as of December 31, 2024 (In 2025)</b>	<b>Projected New Company-Owned Outlets as of December 31, 2024 (In 2025)</b>
Florida	0	2	0
Georgia	0	1	0
Illinois	1	0	0
Missouri	0	1	0
Texas	0	2	0
<b>TOTALS</b>	<b>1</b>	<b>6</b>	<b>0</b>

Exhibit F contains the names of our franchisees, and the addresses and telephone numbers of their outlets, as of December 31, 2024; and the addresses and telephone numbers of our company-owned outlets as of December 31, 2024.

Exhibit G contains the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had a franchise terminated, transferred or not renewed in 2024 (1), who had an outlet reacquired by us in 2024 , who ceased operations for other reasons in 2024 , or who had not communicated with us within 10 weeks of the issuance date of this disclosure document.

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

During the last 3 fiscal years, we signed a confidentiality clause with a former franchisee which would restrict the franchisee from speaking openly with you about its experience with us.

## **Item 21**

### **FINANCIAL STATEMENTS**

Exhibit H includes our unaudited financial statements as of April 30, 2025, as well as our audited financial statements for the years ending December 31, 2024, 2023 and 2022. Our fiscal year end is December 31.

## **Item 22**

### **CONTRACTS**

Exhibit B includes the franchise agreement and all related agreements, as follows:

- Attachment 1 – Business Development & Territory Addendum
- Attachment 2 – Electronic Funds Transfer Authorization
- Attachment 3 – Transfer of Service Consent & Authorization
- Attachment 4 – Legal Entity Information Sheet
- Attachment 5 – Guaranty Agreement
- Attachment 6 – Spousal Consent
- Attachment 7 – Lease Rider
- Attachment 8 – Internet Policies & Procedures Agreement
- Attachment 9 – SBA Addendum

Exhibit C includes the Franchise Compliance Questionnaire.

Exhibit D includes the suggested form of Confidentiality and Non-Competition Agreement.

Exhibit E includes the sample form of general release to be signed on transfer or renewal.

## **Item 23**

### **RECEIPTS**

Exhibit L includes detachable documents acknowledging your receipt of this disclosure document.

**EXHIBIT A**

**AGENCIES/AGENTS FOR SERVICE OF PROCESS**

## STATE AGENCIES AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677) <a href="http://www.dfpi.ca.gov">www.dfpi.ca.gov</a> <a href="mailto:ask.dfpi@ca.gov">ask.dfpi@ca.gov</a>	Commissioner of Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South 2nd Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce



<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Attn: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 14 <sup>th</sup> Floor, Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance/Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Director of South Dakota Division of Insurance
VIRGINIA	Clerk of the State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

**EXHIBIT B**

**FRANCHISE AGREEMENT AND ATTACHMENTS**

# SEASON 2

AUTHENTIC LUXURY CONSIGNMENT

## **SEASON 2 FRANCHISING LLC FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT AND ATTACHMENTS

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- 2 Electronic Funds Transfer Authorization
- 3 Transfer of Service Consent & Authorization
- 4 Legal Entity Information Sheet
- 5 Guaranty Agreement
- 6 Spousal Consent
- 7 Lease Rider
- 8 Internet Policies & Procedures Agreement
- 9 SBA Addendum



## FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT (“Agreement”) is made and entered into between Season 2 Franchising LLC, a Florida limited liability company whose principal place of business is 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401 (“we,” “us,” “our” or “Franchisor”) and \_\_\_\_\_ having an address of \_\_\_\_\_ (“Franchisee”) as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WHEREAS, we, as the result of significant expenditures of time, skill, effort and money, have acquired and further developed a unique and proprietary system relating to the establishment, development and operation of a consignment business that markets and sells authentic designer brand and luxury handbags, accessories and other products and related services we approve (“Franchised Business”);

WHEREAS, we have acquired and further developed a distinctive design and furnishings for the Franchised Business, as well as uniform standards, specifications, methods, policies and procedures for operations, training and assistance, and advertising and promotional programs, all of which may be periodically changed, improved on, and further developed by us (“System”);

WHEREAS, the distinguishing characteristics of the System include, without limitation: unique methods of offering and selling authentic luxury handbags, accessories and related products and services to consumers and businesses; technical assistance and training in the operation, management and promotion of the Franchised Business; specialized reporting and accounting methods; and advertising and promotional programs, all of which may be periodically changed, improved and further developed by us;

WHEREAS, we have the right to use and license others to use the trademark Season 2<sup>®</sup> and other trademarks, and we may develop or acquire the right to license other service marks, trademarks, trade names, trade dresses, slogans, logos, commercial symbols, domain names and other indicia of origin (“Proprietary Marks”), in connection with the System;

WHEREAS, we and/or our affiliates may continue to develop, expand, use, control and add to the Proprietary Marks and the System for the benefit of and use by us and our franchisees in order to identify for the public the source of the products and services marketed thereunder and to represent the System’s high standards of quality and service;

WHEREAS, Franchisee understands and acknowledges the importance of our uniformly high standards of quality and service and the necessity of operating the Franchised Business granted hereunder in strict conformity with our quality control standards and specifications;

WHEREAS, Franchisee desires to operate the Franchised Business under the System and the Proprietary Marks, and to obtain a franchise from us for that purpose (“Franchise”), as well as to receive the training and other assistance provided by us in connection therewith; and

WHEREAS, Franchisee acknowledges that Franchisee has read this Agreement and our Franchise Disclosure Document (“FDD”), and that Franchisee has no knowledge of any

representations made by us, or by our officers, directors, shareholders, members, employees or agents, about the Franchised Business, we and our franchising program or policies which are contrary to the statements in our FDD or to the terms of this Agreement, and that Franchisee understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at all facilities which operate pursuant to the System and thereby to protect and preserve the goodwill of the Proprietary Marks.

NOW, THEREFORE, in consideration of the promises, undertakings and commitments of each party to the other set forth herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

## **I. GRANT OF FRANCHISE**

**A. Grant.** We hereby grant to Franchisee and Franchisee hereby accepts, on the terms and conditions herein contained, the Franchise to operate the Franchised Business. Franchisee hereby agrees to perform all of its obligations in connection therewith as set forth in this Agreement.

**B. Assigned Area and Protected Territory.** If Franchisee has not located a site for the Franchised Business that has been accepted by us by the time that we accept this Agreement, then Franchisee agrees to seek to locate the Franchised Business only at a site acceptable to us in the non-exclusive assigned area described and identified in Attachment 1. Franchisee is not granted any territorial rights to the assigned area, and any assigned area and the Protected Territory are likely to be different. Subject to the terms of this Agreement, we hereby grant to Franchisee a Protected Territory as described in Attachment 1; provided, however, that if Attachment 1 does not specify boundaries for a Protected Territory, the Protected Territory is limited to the accepted site specified in Attachment 1; and provided further that the Protected Territory may be modified on renewal or on transfer to conform to our then-current standards.

**C. Site.** Franchisee agrees that the Franchised Business will be operated only at the specific site which will be selected by Franchisee and accepted by us as described in Attachment 1. When Franchisee has located a site for the Franchised Business that has been accepted by us, the site will be described in Attachment 1.

You will be permitted to solicit suppliers that we approve and that meet our specifications (including wholesalers and consignors) within a designated trade area around the site of your franchised business, which we will designate in our discretion (“Designated Trade Area”) (see Section I.E). The Designated Trade Area may be larger than your Protected Territory. You will be permitted to solicit suppliers, including consignors and wholesalers, outside of the Designated Trade Area, provided the suppliers are designated as pre-approved by us in our current written approved supplier list or if not listed, you obtain our prior written approval. We will have the right to modify or reduce the Designated Trade Area, if we operate or grant another person the right to operate another Season 2 business within the Designated Trade Area, but not within your Protected Territory. We will have the right to modify the approved supplier list and withdraw our approval of any supplier at any time.

**D. Relocation or Expansion.** Franchisee may relocate the Franchised Business to a new site in the Protected Territory (or other area approved in advance by us), or expand an existing Franchised Business only after fulfillment of the following conditions:

1. Franchisee must give us written notice of the proposed relocation or expansion not later than the earlier of 90 days before the proposed relocation date, or the date on which Franchisee may be asked to sign a lease, which lease will not be signed without our prior consent. If Franchisee fails to timely deliver the notice, it is grounds for default.

2. Franchisee must not be in default of any provision of this Agreement, or any other agreement between Franchisee and us, or the lease for the existing site and must be current on all of Franchisee's financial obligations to us and our affiliates;

3. Franchisee will deliver to us a current financial statement, including a profit and loss statement for the Franchised Business during the last 12 months of operation at the former site;

4. Franchisee will deliver to us a copy of the proposed lease for the new or expanded site, which lease may not be signed by Franchisee without our prior written consent;

5. The new or expanded Franchised Business must be constructed, located and equipped in accordance with our then-current design and other standards;

6. At least 30 days before opening for business in the new or expanded location, Franchisee must pay us a non-refundable fee of \$5,000, plus our actual expenses related to our acceptance of the proposed new or expanded site and approval of the opening of the new or expanded Franchised Business;

7. Franchisee, its officers, directors, shareholders, members, partners and other owners, will execute a general release, in a form prescribed by us, of any and all claims against us or our parents, affiliates and subsidiaries, and their respective officers, directors, shareholders, members, agents and employees;

8. Franchisee must receive written approval from us before relocating the Franchised Business to the proposed new location or opening the expanded portion of the existing premises. Franchisee's failure to adhere to this provision will be grounds for default;

9. Franchisee must ensure that there is no interruption in operation of the Franchised Business during the relocation or expansion;

10. Franchisee must submit and we must approve a relocation plan that complies with our specifications, including adequate precautions to a) de-identify the location being vacated in order to protect the trade dress of the Franchised Business; and b) ensure that the former location will not be operated as a business that is similar to the Franchised Business after Franchisee vacates the location; and

11. Franchisee must follow all of our pre-opening instructions to our satisfaction, and pay all required fees.

**E. Reservation of Certain Rights.** If Franchisee has fully complied with its obligations under this Agreement, neither we nor our affiliates will establish or grant any other person the right to establish another Franchised Business in the Protected Territory. Otherwise, we, for ourselves and our affiliates, reserves the right to establish and grant others the right to establish Franchised Businesses at any sites deemed appropriate.

1. Further, we, for ourselves and our affiliates, reserve the right to sell related products and services in other channels of distribution, and reserves the right to operate, license or franchise other systems in the future from any locations, including locations in or outside of the Protected Territory. Finally, we reserve the right to offer, grant and support franchises in similar and dissimilar lines of business. We make no representations or warranties to Franchisee that Franchisee will have any right to participate in such franchises. We reserve all rights to market, advertise and sell products and services through the metaverse.

2. We will grant you the right to access and use our proprietary e-commerce platform for the purpose of marketing and selling luxury handbags and other goods that you procure from certain designated and approved suppliers (including on a consignment basis). For the elimination of doubt, there are no territorial protections as it relates to sales made through our e-commerce platform. Through our e-commerce platform, you may sell to consumers in other franchisee's territories or in territories we own, and we and other franchisees may sell to consumers that live in your protected territory. We reserve the right to modify or discontinue our e-commerce platform at any time.

3. All customer sales must be completed through our e-commerce platform. You will be permitted to market and advertise luxury handbags and other authorized products through other Internet social media sites we approve and in accordance with our specifications. You may not complete customer sales through such sites. You will be permitted to market and advertise luxury handbags and other authorized products and services at pop-up events, parties and other in-person events and appointments within your Designated Trade Area, as long as all customer sales are completed through our online e-commerce platform.

4. You are not permitted to solicit suppliers, or market, advertise or sell luxury handbags and other goods or conduct any business on the metaverse.

## **II. TERM AND RENEWAL**

**A. Initial Term.** Except as otherwise provided herein, the initial term of the Franchise will be for 7 years commencing on the date of execution of this Agreement; provided, however, that if the lease for Franchisee's business premises is terminated before the expiration of the Franchise and Franchisee fails to relocate in accordance with Section I.D above, then we may, at our option, terminate the Franchise.

**B. Renewal Term.** Franchisee may renew the Franchise for successive additional 7-year terms, subject to the following conditions which must be met prior to each renewal term, unless and to the extent expressly waived in writing by us and provided, that if any of these conditions have not been met at least 2 months before the expiration of then-current term of the Franchise, then we will have no obligation to renew the Franchise and will give Franchisee at least

30 days prior written notice of its intent not to renew the Franchise, which notice will set forth the reasons for such refusal to renew:

1. Franchisee will give us written notice of its election to renew the Franchise not less than 12 months before the end of then-current term of the Franchise.

2. At least 6 months before the expiration of the initial term of the Franchise, we may inspect the Franchised Business and give written notice of all reasonably required modifications to the products and services offered at the Franchised Business, Franchisee's advertising, marketing and promotional programs, its financial and inventory control systems, and renovations necessary to comply with our then-current standards and specifications and with the requirements of the lease for the Franchised Business. If Franchisee elects to renew the Franchise, then Franchisee will complete, to our satisfaction, all such required modifications, as well as adopt and implement any new methods, programs, modifications, techniques or operational systems required by our notice no later than 2 months before expiration of the then-current term of the Franchise.

3. Franchisee will not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and us or any of our subsidiaries, affiliates and suppliers. Franchisee will have substantially complied with all of the terms and conditions of such agreements during the terms thereof.

4. Franchisee will have satisfied all monetary obligations owed to us and our subsidiaries, affiliates and suppliers, and will have timely met those obligations throughout the term of the Franchise.

5. At least 6 months before the expiration of the then-current term of the Franchise, Franchisee must execute our then-current form of Franchise Agreement, which will supersede in all respects this Agreement, and the terms and conditions of which may differ materially from the terms and conditions of this Agreement, including a different Protected Territory to conform to our then-current requirements, but in lieu of our then-current Initial Franchise Fee, Franchisee will be required to pay a renewal fee equal to \$10,000.

6. If we require it in our sole discretion, Franchisee or its manager will attend and complete, to our satisfaction, our then-current training programs at Franchisee's expense.

7. Franchisee, its officers, directors, shareholders, members, partners and other owners, will execute a general release, in a form prescribed by us, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, agents and employees.

8. Franchisee will present evidence satisfactory to us that it has the right to remain in possession of the premises where the Franchised Business is located for the duration of the renewal term.

9. Franchisee's operation and management of the Franchised Business will be in full compliance with the System.

10. Franchisee will maintain and be in good standing with all of its necessary and applicable licenses and permits.

### **III. DUTIES OF FRANCHISOR**

**A. Pre-Opening Obligations.** Our duties before the opening of the Franchised Business are as follows:

1. We will provide Franchisee with site selection and other assistance as outlined in the Manuals and in Attachment 1. Our acceptance of the site is required as outlined in Section I.C and in Attachment 1; however, such acceptance will not be deemed a representation or warranty as to the likelihood of success by Franchisee at the site. Franchisee acknowledges and agrees that its success will be due, in part, to factors beyond our control. Our acceptance of a proposed site is only an indication that the site meets our minimum criteria, and in no way gives rise to any liability on our part as to the viability, profitability or success of any site.

2. We will provide an initial training program for up to 2 persons in the operation of the Franchised Business. The training will be provided at our headquarters office or at another location that we may designate. Subject to our approval and availability of staff, additional trainees may attend the initial training program if Franchisee pays an initial training fee of \$1,000 per additional trainee.

3. We will provide business opening training conducted by 1 trainer, who will work 1 40-hour week at the Franchised Business to support its opening. Franchisee will reimburse us for the trainer's reasonable travel, meal and lodging expenses associated with the business opening training.

4. We will loan to Franchisee our Confidential Operations Manuals ("Manuals") which will include specifications for management and operations, equipment, supplies, and decor. The Manuals may be solely paper, solely electronic, or a combination of both; are confidential; and remain our property. We may periodically modify the Manuals.

5. We will provide Franchisee with specifications for equipment, supplies, decor, management and operation of the Franchised Business.

6. We will provide Franchisee with assistance in developing its opening advertising and initial marketing plans.

**B. Post-Opening Obligations.** Our obligations after the opening of the Franchised Business are as follows:

1. We will provide such general advisory assistance and field support deemed by us to be helpful to Franchisee in the ongoing operation, advertising and promotion of the Franchised Business, through methods chosen by us, which may include a corporate intranet.

2. We will continue our efforts to establish and maintain high standards of quality, customer satisfaction and service through the System.

3. We will provide Franchisee access to updates, revisions and amendments to our Manuals (see also Section VIII).

4. We will coordinate and conduct refresher and additional training programs as we deem appropriate in our sole discretion. In this regard, we may organize local meetings, regional meetings and national conventions and/or conferences at places we may designate in our sole discretion. We may charge a training fee, or an attendance fee for meetings and conventions, including a proportionate share of our out-of-pocket expenses for hosting any meeting or convention, whether or not Franchisee attends any meeting. We may designate Franchisee's attendance at training sessions, meetings and conventions as either required or recommended. If Franchisee requests refresher or additional training at Franchisee's location, we will make such training available, subject to the availability of personnel and based on Franchisee's agreement to pay our then-current per diem charge for each trainer, and to reimburse us for actual and reasonable travel, lodging and meal expenses of our trainers. Our current per diem charge is \$350 per person per day.

5. We will conduct, on a periodic basis, as we deem advisable, inspections of the Franchised Business and its operations and evaluations of the methods and the staff employed therein (see also Section V.O).

6. We may maintain a website or websites on the internet to advertise and promote the Season 2 franchise system and products and services marketed by us and Season 2 franchisees. We may permit Franchisee to establish a website as part of our website(s) and/or to establish electronic links to our website(s). Any representations and warranties as to the operation, functionality, lack of interruption or resources of our website(s), are expressly excluded. Without limiting the foregoing, we disclaim any implied warranties of merchantability and fitness for a particular purpose as to our website(s). As to any malfunctioning of our website(s), we will not be liable to Franchisee for any consequential, incidental, indirect, economic, special, exemplary or punitive damages, such as, but not limited to, loss of revenue or anticipated profits or lost business, even if Franchisee has advised us that such damages are possible as a result of any breach of warranty or malfunction.

7. We will have the right, in our sole discretion, to establish a fund for national, regional and local promotion, marketing and advertising ("Marketing Fund"). Once established, the Marketing Fund will be maintained and administered by us or our designee, as follows:

a. We or our designee will direct all advertising and/or promotional programs with sole discretion over the concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee acknowledges and agrees that the Marketing Fund is intended to maximize general public recognition, acceptance and the use of the Proprietary Marks for the benefit and growth of the Franchise System and that we or our designee are not obligated in administering the Marketing Fund, to undertake expenditures for Franchisee which are equivalent or proportionate to Franchisee's contributions, or to ensure that any particular Franchisee benefits directly or pro rata from expenditures by the Marketing Fund.

b. The Marketing Fund, all contributions thereto, and any earning thereon, will be used exclusively to meet any and all costs of maintaining and administering advertising, promotional programs, market research and/or promotional activities (including,

among other things, the cost of marketing personnel (including C-Suite level personnel), engaging third party vendors, social media boosting, preparing and producing television, radio, internet, magazine and newspaper advertising campaigns, marketing surveys, website improvements, promotional brochures and other marketing materials, and conducting other public relations activities and using advertising agencies).

c. All sums paid to the Marketing Fund will be maintained by us or our designee in a separate account from the other monies of ours, and will not be used to defray any of our expenses, except for such reasonable administrative costs and overhead as we may or our designee incur in activities reasonably related to the administration or direction of the Marketing Fund and marketing programs for franchisees and the System. The Marketing Fund and any earnings will not otherwise inure to our benefit. At any time or periodically, we may direct Franchisee to pay all or any part of the Marketing Fund Contributions to one or more Marketing Fund accounts.

d. Although the Marketing Fund is intended to be of perpetual duration, we maintain the right to terminate the Marketing Fund. The Marketing Fund, however, will not be terminated until all monies in the Marketing Fund have been expended for advertising and/or promotional purposes, or returned to contributors on the basis of their respective contributions.

e. We will respond to reasonable requests by Franchisee for information relating to advertising channels, advertising companies, vendors used by the Marketing Fund, and quarterly analytics (if available), provided that Franchisee is in substantial compliance with the terms of this Agreement and all reporting requirements, and has been substantially in compliance with same at all times during the 6-month period prior to Franchisee's request.

**C. No Third-Party Reliance.** All of our obligations under this Agreement are personal to Franchisee, and no other party is entitled to rely on, enforce or obtain relief for breach of such obligations either directly or by subrogation.

#### **IV. FEES**

**A. Payments to Franchisor.** In consideration of the right and license to operate the Franchised Business (including use of the System and Proprietary Marks), Franchisee will pay to us the following fees:

1. Initial Franchise Fee. The Initial Franchise Fee payable to us by Franchisee is \$50,000, payable when this Agreement is signed, via wire or bank transfer and in accordance with our transfer instructions. The Initial Franchise Fee is deemed fully earned on receipt by us, and is non-refundable.

2. Initial Supply Fee. The Initial Supply Fee payable to us by Franchisee is \$1,060, payable after this Agreement is signed and prior to opening the Franchised Business via wire or bank transfer and in accordance with our transfer instructions. The Initial Supply Fee is for an initial supply of small, medium and large dust bags. The Initial Supply Fee includes shipping costs, is deemed fully earned on receipt by us, and is non-refundable. Additional supply fees will



be payable to us by Franchisee, as and when Franchisee purchases additional dust bags to replenish stock. Additional supply fees may be subject to increase based on market factors and fees will vary depending on sizes and quantities ordered.

3. Authentication Hardware Fee. The Authentication Hardware Fee payable to us by Franchisee is \$499, payable when invoiced. The Authentication Hardware Fee is deemed fully earned on receipt by us, and is non-refundable.

4. Credit Card Fee. If Franchisee pays any amount to us or an affiliate of ours by credit card, when billed, Franchisee will pay us a credit card fee equal to 3% of the amount charged. Franchisee will pay the fees associated with payment processing, such as credit card fees resulting from Franchisee's customers' online purchases by credit card, directly.

5. Technology Set-Up Fee and Support Fees. Franchisee will pay us an initial technology set-up fee of \$15,000, payable after this Agreement is signed and prior to opening the Franchised Business via wire or bank transfer and in accordance with our transfer instructions. The initial technology fee is for the set-up of the Franchised Business on our e-commerce marketing and sales platform and other required technology platforms, is deemed fully earned upon receipt by us and is non-refundable. On the commencement of the Franchised Business and during the term of the Franchise, Franchisee will pay us or a supplier designated by us continuing non-refundable Technology Support Fees of \$1,000 per month for the support of our software system. This fee may increase on 60 days' advance written notice to Franchisee. Franchisee will pay this fee to us monthly in accordance with Section IV.B of this Agreement.

6. Authentication Fees. Franchisee will pay us Authentication Fees. Currently, such fees are \$15 per authentication for standard items and \$119 per authentication for premium items. We and/or the supplier of authentication services may increase these fees from time to time. Franchisee will pay these fees to us monthly in accordance with Section IV.B of this Agreement. We may modify the centralized processing and payment of Authentication Fees, in which case, Franchisee may be required to pay Authentication Fees in a different manner.

7. Royalty Fees. On commencement of the Franchised Business and continuing during the initial term of the Franchise, Franchisee will pay to us continuing non-refundable Royalty Fees equal to 6% of Gross Sales or \$150 per week (whichever is greater). Franchisee will pay this fee to us weekly in accordance with Section IV.B of this Agreement.

8. Marketing Fund Contributions. On commencement of the Franchised Business and continuing during the initial term of the Franchise, Franchisee will pay to us a weekly amount of up to 2% of Gross Sales or \$25 per week (whichever is greater) as a contribution to the Marketing Fund established under Section III.B.7 of this Agreement. Franchisee will pay this contribution to us in accordance with Section IV.B of this Agreement. Currently, the contribution is 2% of Gross Sales or \$25 per week (whichever is greater).

9. Training Fee. Two persons may attend the initial training program without the payment of any training fee. Subject to our approval and availability of our staff, additional attendees may attend initial training if Franchisee pays to us an initial training fee in the amount of \$1,000 per additional trainee. Such initial training fee is due and payable before the initial training program begins, is deemed fully earned on receipt by us and is non-refundable.

10. Customer Satisfaction. Franchisee, when billed, will reimburse us for any costs that we incur, in our sole discretion, to remedy any complaints by customers of the Franchised Business.

11. Late Payment, Returned Check and Dishonored Draft Fees. If any payment required to be made by Franchisee to us under this Agreement are not made on a timely basis, we may assess a late fee of \$50 for day that a payment is past due and outstanding. If any check is returned or draft is dishonored, we may assess a \$50 fee for each such return or reversal.

12. Interest. All overdue amounts will bear interest, until paid, at 1.5% per month, or at highest rate permitted by applicable state law (“Default Rate”). Interest will be calculated on a daily basis. Interest is non-refundable. Such interest will be in addition to any other remedies that we may have.

13. Unauthorized Marketing or Advertising Fee. Franchisee, when billed, will pay us \$100 per day for each occurrence of unauthorized marketing or advertising engaged in by the Franchised Business. We will contribute the fee to the Marketing Fund.

14. Late Fee for Failure to Timely Submit Required Reports, Statements and Records. Franchisee, when billed, will pay us a late fee or fees for any report, financial statement, completed standard chart of accounts (“SCOA”) or other record we reasonably require to be periodically submitted or provided to us which is not submitted within 2 weeks of the due date. A late fee of \$500 will be assessed for every 2 weeks that a periodic report, financial statement, completed standard chart of accounts or other record we request is overdue.

14. Per Diem Charges and Other Fees. We reserve the right to periodically charge fees to recover our administrative costs for certain services as outlined in the Manuals, such as special field support, management of the Franchised Business on your behalf, etc. If we have reserved the right to require a per diem charge for services provided by our personnel, the cost will be the then-current per diem charge specified in our Manuals.

**B. Ongoing and Periodic Fee Payments.** The Royalty Fees and Marketing Fund Contributions are due and payable in full on Wednesday of each week for Gross Sales in the previous week. The Technology Support Fees are due and payable in full on the first day of each calendar month. All other ongoing and periodic fees owed by Franchisee to us are due and payable in full on the fifteenth day of each calendar month. Franchisee must pay all ongoing or periodic fees to us by automatic electronic funds transfer, unless we agree otherwise. Franchisee agrees to execute Attachment 2 or any comparable documentation that we deem necessary to effect automatic electronic funds transfers. If the due date specified for any fee is not a business day, we will draft Franchisee’s account on the next business day. If you fail to pay by electronic funds transfer, then in addition to any other remedy we may have, we will also have the right to impose a processing fee of \$10 for each manual invoice that we create.

**C. Definition of Gross Sales.** “Gross Sales” include all amounts received for products sold and services rendered by the Franchised Business, (i) whether in cash, by credit or debit card, or on a time-sale basis, without reserve or deduction for inability or failure to collect, (ii) whether orders or sales for products or services are fulfilled in-person, by mail, by telephone, by internet or otherwise, and (iii) whether orders or sales are fulfilled at the location of the Franchised

Business, online or elsewhere. The following are not included in Gross Sales: (i) the amount of refunds, discounts we have approved to customers, or allowances, provided the same have been previously included in Gross Sales, and provided further that if the refunds, allowances or approved discounts are in the form of credits to customers, the credits will be included in Gross Sales when used by the customers in the future; and (ii) the amount of any excise or sales taxes levied on sales and payable over to appropriate governmental authorities (but only to the extent actually paid to the appropriate governmental authorities), provided that a specific record is made at the time of each sale which clearly indicates that the amount is expressly charged to the customer. The Franchised Business may not offer discounts, other than a 10% discount to customers on their first purchase without our prior approval. Gift cards generate receipts that are included in “Gross Sales” when they are redeemed by customers, and not when they are sold.

## **V. DUTIES OF FRANCHISEE**

**A. Compliance with System.** Franchisee understands and acknowledges that every detail of the appearance and operation of the Franchised Business in compliance with the System is critical to us, Franchisee and other franchisees in order to develop and maintain high and uniform operating standards; increase the demand for the products and services sold by franchisees; and protect the Proprietary Marks, the System and our trade secrets, reputation and goodwill.

**B. Site Requirements.** We will provide general site selection assistance to Franchisee as specified in the Manuals and in Attachment 1. Franchisee must submit to us for review, information and support documentation, including, but not limited to, demographics of the local market, regarding the proposed site, the form and content which must conform to the Manuals. The proposed site must be in compliance with all applicable local and state laws, regulations and ordinances including all zoning, signage and parking requirements. Franchisee acknowledges that our site selection assistance is an exercise of our right of acceptance provided for in this Agreement, and our acceptance of a site is not a warranty, representation or promise of success, profitability or suitability of the site selected for the Franchised Business and in no way will give rise to any liability on our part.

1. Within 2 months after execution of this Agreement, Franchisee must locate a site for the Franchised Business, obtain our acceptance of the site and site plan, and sign a lease for the site. Within 6 months after execution of this Agreement, Franchisee must complete improvements and open the Franchised Business. The lease must include the Lease Rider as set forth in Attachment 7 to this Agreement, or any comparable lease rider that we deem adequate to protect system standards. Our acceptance of the site may be conditioned on Lessor’s acceptance of Attachment 7 or a comparable lease rider.

2. If Franchisee has not opened the Franchise Business within 12 months after execution of this Agreement, then we may terminate the Franchise pursuant to Section XII.A.9.

3. Franchisee may request an extension of time to locate a site or open by giving notice at least 30 days before the end of the 2 months or 6 months, as applicable. The notice must state: 1) the reasons that have caused the delay and 2) the efforts that Franchisee is making to locate a site or open. In considering the request, we will not unreasonably withhold our consent to an extension of 90 days, if Franchisee has been diligently pursuing a site or the opening. If an

extension is granted, but Franchisee is unable to locate a site or open within the extension period, then we may terminate the Franchise pursuant to Section XII.A.9.

**C. Pre-Opening Requirements.** Before commencing any construction or leasehold improvements of the Franchised Business, Franchisee, at its expense, will comply with all of the following requirements:

1. Franchisee will have received our prior written acceptance of the site selected by Franchisee for the operation of the Franchised Business and our written acceptance of the lease for such site. Such acceptance will be evidenced by Attachment 1 or comparable documentation;

2. Franchisee must engage or employ licensed professionals as outlined in the Manuals and in Attachment 1; and

3. Franchisee will obtain all business licenses, permits and certifications required for lawful construction and ongoing operation of the Franchised Business (including, without limitation, zoning, access, variances, health and safety, sign and fire requirements) and will certify in writing to us that all such licenses, permits and certifications have been obtained.

**D. Construction and Opening Requirements.** We and Franchisee agree that time is of the essence in the construction and opening of the Franchised Business. Franchisee will completely construct, furnish and equip, at Franchisee's sole expense, the accepted site in accordance with our standards and specifications as contained in the Manuals and in Attachment 1. During construction, Franchisee will provide to us, such periodic progress reports as we, in our discretion, may require, signed by Franchisee and its general contractor, warranting that construction is proceeding on schedule and in accordance with the approved final plans and with all applicable laws, ordinances and regulations. We and our agents will have the right to inspect the construction at all reasonable times. Franchisee will complete construction (including all exterior and interior carpentry, electrical, painting, and finishing work, and installation of all furnishings, fixtures, equipment, and signs) in accordance with the final approved construction documents. Franchisee will promptly notify us of the date of completion of construction. To demonstrate compliance, Franchisee must submit to us a sufficient number of high quality photographs of the interior and exterior of the site prior to opening for business.

**E. Initial and Ongoing Training.** In accordance with the terms and conditions set forth in Section III hereinabove, including the payment of fees to us, Franchisee (or, if Franchisee is a legal entity, Franchisee's principal shareholder, member or partner) and Franchisee's manager will attend and complete, to our reasonable satisfaction, our initial training program prior to opening the Franchised Business. Franchisee will be responsible for all expenses associated with said training, including meals, lodging, travel and wages. Franchisee and its manager must also attend any required meetings, conventions or training sessions. Franchisee will be responsible for its travel, lodging and other costs associated with its attendance at any meetings, conventions or other training sessions. At least one representative of the Franchised Business must attend each annual conference that we conduct. At our request, Franchisee will be obligated to pay attendance fees or a pro rata share of our costs of conducting annual conferences. Franchisee may request additional training at Franchisee's location in accordance with the terms and conditions of Section III.B.4 of this Agreement. During the term of the Franchise, you will also be required to spend up

to \$1,500 per month to receive professional development training using a vendor we designate. We reserve the right to collect this as a fee and incur third-party professional development expenses on your behalf.

**F. Advertising.** Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System:

1. Local Advertising. During the term of the Franchise, Franchisee will diligently and aggressively advertise, market and promote the Franchised Business to enhance or promote the image, identity or patronage of the Franchised Business. Franchisee must spend monthly an amount which is at least equal to 1% of Gross Sales or \$3,000 (whichever is greater) on local advertising according to the standards and specifications in the Manuals. We may require evidence from Franchisee of its local advertising expenditures in the form and at the times we deem appropriate. We reserve the right to collect this as a fee and incur third-party marketing expenses on your behalf. If we do this, we may allocate up to \$1,000 of the required minimum payment per month to cover our administrative costs.

2. Advertising Materials. We may periodically provide to Franchisee, such approved advertising and promotional plans and materials as we deem advisable. Franchisee will not use any advertising, sales or promotional materials of any kind other than those approved by us, or conduct any broadcast or media advertising or promotion without first obtaining our approval. If we do not give Franchisee written notice of approval within 15 days after receipt of the proposed advertising copy, then the advertising copy will be deemed to be disapproved. Franchisee may not maintain a website for the Franchised Business on the internet or use the metaverse (including social media accounts) without our express prior written consent.

3. Advertising Cooperative. When we notify Franchisee of the formation of an advertising cooperative, Franchisee must participate in joint cooperative marketing and advertising done by the cooperative. We will have discretion over the definition of the designated marketing area for the cooperative; the formation, modification, dissolution or merger of the cooperative; and the establishment of rules and regulations for the cooperative. We may direct a cooperative to manage the required advertising of all members of a cooperative, the cost of which will not be included in the cooperative assessment. Except for matters reserved for our control, actions of a cooperative require a majority vote by a quorum (two-thirds) of the voting members, with each member franchisee having one vote for every franchise owned (e.g., a member owning 3 franchises will have 3 votes); provided, however, that no franchisee (or controlled group of franchisees) will have more than one-half of the vote in any cooperative regardless of the number of franchises owned. We will have a vote if necessary to prevent a deadlock vote in any cooperative. Cooperative members will determine the assessment by the cooperative, which will not exceed 2% of Franchisee's monthly Gross Sales. Franchisee may reduce its local advertising expenditures specified in Section V.F.1 by the amount of any cooperative assessment.

4. Marketing Fund Contributions. Franchisee will pay to us the contributions specified in Section IV.A.5 of this Agreement to the Marketing Fund established under Section III.B.7 of this Agreement.

**G. Supervision Requirements.** The Franchised Business will at all times be under the direct, on premises supervision of Franchisee or a manager who must attend and successfully complete our training program and must devote his or her full time and energy during business hours to the supervision and management of the Franchised Business. If Franchisee is a legal entity, the Franchised Business will at all times be under the direct, on premises supervision of an operating shareholder, member or partner (“Operating Partner”) designated by Franchisee and approved by us or a manager who: (1) has attended and successfully completed our training program; and (2) must devote his or her full time and energy during business hours to the supervision and management of the Franchised Business.

**H. Training of Manager and Employees.** Franchisee will cause its employees (including any person subsequently acting as the manager of the Franchised Business) to attend and complete, to our reasonable satisfaction, such training as we may recommend or require. Franchisee will be responsible for expenses incurred by its employees to participate in training.

**I. Operation of the Franchised Business.** Franchisee will use the site solely for the operation of the Franchised Business that is franchised hereunder in strict conformity with the Manuals; will keep the Franchised Business open and in normal operation for such minimum hours and days as we may periodically prescribe; and will refrain at all times from using or permitting the use of the site of the Franchised Business for any other purpose or activity other than as contemplated by this Agreement without first obtaining our written consent.

**J. Maintenance and Renovation.** Franchisee will continuously maintain the Franchised Business in the highest degree of professional business standards, sanitation, repair and condition as we may reasonably require, and in connection therewith will make such additions, alterations, repairs and replacements thereto (but not without our prior written consent) as may be required for that purpose, including without limitation, such periodic redecorating, replacement of carpet, fixtures, furniture, computers, telecommunications systems, equipment or materials as we may reasonably direct, or as otherwise required under the lease for the Franchised Business. Before the end of each 5-year period following the date of this Agreement or any renewal of the Franchise, we may require Franchisee to renovate the Franchised Business to cause it to comply with the layout, design, appearance and specifications then established for new franchised locations. The renovations may include, to the extent necessary, but without limitation, changes in decor, fixtures, and equipment; interior painting; and other similar undertakings. The renovations will be made at Franchisee’s sole cost and expense, and will be performed in strict conformity with our plans and specifications, but in no event will the cost of such required renovations exceed \$50 per rentable square foot. The renovations will be completed to our satisfaction before the end of each 5-year period following the date of this Agreement or any renewal of the Franchise; provided, however, that if Franchisee is unavoidably delayed in or prevented from performing its obligation by reason of any unavoidable delay in delivery of supplies or materials, labor action, power failure, government action, national emergency, act of nature, or disaster not the fault of Franchisee, the time in which Franchisee may fulfill its obligation to renovate will be extended for a period equal to the period of that unavoidable delay or prevention.

**K. Health and Safety Standards.** Franchisee will meet and maintain the highest safety standards and ratings applicable to the operation and management of the Franchised Business and its personnel as may be required by laws and as required by us.

**L. Working Capital.** Franchisee will meet and maintain sufficient levels of working capital for use in connection with the management and operation of the Franchised Business as reasonably required to responsibly and effectively conduct the Franchised Business.

**M. Compliance with Uniform Standards.** Franchisee will operate the Franchised Business in conformity with such uniform methods, standards and specifications as we may periodically prescribe to ensure that the highest degree of product quality and service is uniformly maintained. Franchisee will conduct its business in a manner which reflects favorably at all times on the System and the Proprietary Marks. Franchisee will at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on our reputation and goodwill or any other franchisee operating under the System. Pursuant to this ongoing responsibility, Franchisee agrees:

1. To maintain in sufficient supply as we may prescribe in the Manuals or otherwise in writing and use at all times only such products and supplies as conform to our standards and specifications as contained in the Manuals, and to refrain from deviating there from without our prior written consent;

2. To sell or offer for sale only such products and services that meet our uniform standards of quality which have been expressly approved in writing by us in accordance with our methods and techniques; to sell or offer for sale all approved items; to refrain from any deviation from our standards and specifications for offering such products or services; and to discontinue selling and offering for sale any such products or services as we may, in our sole discretion, disapprove in writing at any time;

3. To lease or purchase and install at Franchisee's expense all fixtures, furnishings, signs and equipment as we may reasonably periodically specify in the Manuals or otherwise in writing, and to refrain from installing or permitting to be installed on or about the Franchised Business without our prior written consent any fixtures, furnishings, signs, cards, promotional literature, equipment or other items not previously specifically approved as meeting our standards and conforming to our specifications;

4. To employ such minimum number of employees as needed to properly operate the business and to comply with all applicable federal, state and local laws, rules and regulations with respect to such employees;

5. To maintain a competent, conscientious staff; and

6. To maintain all licenses and permits in good standing.

**N. Approved Suppliers; Purchase of Products, Equipment and Supplies.** Franchisee will lease or purchase all furniture, equipment, products, supplies, services and other related materials required for the operation of the Franchised Business from suppliers who have the ability to meet our reasonable standards and specifications for such items. We and our affiliates may be an exclusive or designated supplier. All suppliers must meet our specifications and standards as to content, quality, appearance, warranty, performance and serviceability and must adequately demonstrate their capacity and facilities to supply Franchisee's needs for an effective and efficient operation of the Franchised Business. We reserve the right to inspect and re-inspect

the products, supplies and facilities of suppliers, to determine their conformity with this Section. We will maintain and make available to Franchisee, in the Manuals or otherwise in writing, a list of equipment, products, supplies and services that meet our specifications. We may periodically modify this list in our sole discretion. If Franchisee wishes to purchase from a supplier that is not on our approved supplier list, Franchisee will submit a request for approval with any information requested by us. The supplier of any equipment or supply proposed for use under this Section may be required to demonstrate to our reasonable satisfaction that the supplier meets our specifications, including quality, quantity, warranty, variety, service and safety specifications, for the equipment or supply and for the facilities used in the production and distribution of the equipment or supply; that the supplier has the capacity to supply franchisee requirements; that the supplier has a sound financial condition and business reputation; and the supplier will supply equipment or supplies to a sufficient number of our franchisees to enable us to economically monitor compliance by the supplier with our specifications. If we do not respond to a request within 30 days after our receipt of all information, including samples, the request is deemed disapproved. Franchisee must reimburse us for our actual expenses for equipment or supply testing, and expenses associated with our approval of any equipment, supplies or suppliers. Franchisee must also pay our then-current per diem charges for our personnel.

**O. Inspection of Premises.** Franchisee will permit us or our agents or representatives to enter on the premises of the Franchised Business during business hours for purposes of conducting inspections, taking photographs and interviewing employees and customers. Franchisee will cooperate fully with our agents or representatives in such inspections by rendering such assistance as they may reasonably request. On notice from us or our agents or representatives, and without limiting our other rights under this Agreement, Franchisee will take such steps as may be necessary to immediately and diligently correct any deficiencies detected during such inspections, including, without limitation, immediately ceasing and preventing the further use of any products, equipment, inventory, advertising materials, supplies or other items that do not conform to our then-current specifications, standards or requirements. If Franchisee fails or refuses to correct such deficiencies, we will have the right to enter on the premises during business hours of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such corrections as may be required, which Franchisee agrees to reimburse us.

**P. Proprietary Methods.** Franchisee acknowledges and agrees that we have developed certain services, operational systems and management techniques and may in the future develop products and proprietary methods and techniques for use in the operation of the Franchised Business which are all highly confidential and which are our trade secrets. Because of the importance of quality control, uniformity and the significance of such proprietary information in the System, it is to the mutual benefit of the parties that we closely control the dissemination of this proprietary information. Accordingly, Franchisee agrees that in the event such information and techniques become a part of the System, Franchisee will comply and strictly follow these techniques in the operation of the Franchised Business and will purchase from us or from an approved source designated by us any supplies or materials necessary to protect and implement such techniques.

**Q. Development of the Market.** Franchisee will at all times use its best efforts to promote and increase the sales and consumer recognition of the products and services offered at



the Franchised Business pursuant to the System and the Manuals, to effect the widest and best possible distribution of our services from the Franchised Business and to devote its best efforts in controlling the Franchised Business, its managers, assistants and employees.

**R. Display of Proprietary Marks and Logos.** Franchisee must use our Proprietary Marks and logos in accordance with our Manuals and applicable state and local laws and regulations. Franchisee may be required to display any notice designated by us to inform third parties that we are engaged in the business of franchising and providing sufficient information to enable third parties to contact us to inquire about prospective franchises. Franchisee will not display any signs or posters at the premises or elsewhere without our prior written consent.

**S. Other Requirements.** Franchisee will comply with all other requirements set forth in this Agreement, in the Manuals or as we may periodically designate.

## **VI. PROPRIETARY MARKS**

**A. Grant of License.** We have the right to use and license others to use the Proprietary Marks in the United States. We hereby grant Franchisee the right and license to use the Proprietary Marks only in connection with the operation of the Franchised Business and the provision of services and products to its customers. We represent with respect to the Proprietary Marks that we and/or our affiliates: (1) have, to our knowledge, all right, title and interest in and to the Proprietary Marks in the United States; (2) have taken all steps which it deems reasonably necessary to preserve and protect the ownership and validity of such Proprietary Marks in the United States; and (3) will use and license Franchisee and other franchisees to use the Proprietary Marks only in accordance with the System and the operating standards and quality control specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

**B. Conditions for Use.** With respect to Franchisee's use of the Proprietary Marks pursuant to the Franchise, Franchisee agrees that:

1. Franchisee will use only the Proprietary Marks designated by us and will use them only in the manner required or authorized and permitted by us.

2. Franchisee will use the Proprietary Marks only in connection with the right and license to operate the Franchised Business granted hereunder.

3. Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the Manuals, and any unauthorized use thereof will constitute an infringement of our rights and grounds for termination of the Franchise.

4. Franchisee will not use the Proprietary Marks to incur or secure any obligation or indebtedness.

5. Franchisee will not use the Proprietary Marks as part of its corporate or other legal entity name, website address, domain name, email address or any other similar identification in any print, electronic or other medium.

6. Franchisee will comply with any local laws regarding fictitious business name, trade name or “doing business as” filings, comply with our instructions in using the Proprietary Marks in any such filings, and execute any documents deemed necessary by us or our counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

7. If Franchisee becomes aware of any infringement of the Proprietary Marks or if Franchisee’s use of the Proprietary Marks is challenged by a third party, then Franchisee is obligated to immediately notify us, and we will have sole discretion to take such action as we deem appropriate. If we determine that no action to protect the Proprietary Marks is necessary, then Franchisee may take any action it deems necessary to protect its own interest, at its own expense. If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, Franchisee will modify or discontinue the use of any such name or mark, and use such additional or substitute name or mark. Franchisee will be responsible for the tangible costs (such as replacing signs and materials) of complying with this obligation. In the event that litigation alleging that the Proprietary Marks infringe a third party’s rights is instituted or threatened against Franchisee, Franchisee will promptly notify us and will cooperate in defending or settling such litigation, as we deem appropriate.

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

1. We are the exclusive owner of all right, title and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them;

2. The Proprietary Marks are valid and serve to identify the System and those who operate Franchised Businesses in accordance with the System;

3. Franchisee’s use of the Proprietary Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks, except the nonexclusive license granted herein;

4. Any and all goodwill arising from Franchisee’s use of the Proprietary Marks and/or the System will inure solely and exclusively to our benefit, and on expiration or termination of the Franchise no monetary amount will be assigned as attributable to any goodwill associated with Franchisee’s use of the System or the Proprietary Marks;

5. The license and right to use the Proprietary Marks granted hereunder to Franchisee are nonexclusive, and we thus may: (a) ourselves use, and grant franchises and licenses to others to use, the Proprietary Marks and the System; (b) establish, develop and franchise other systems, different from the System licensed to Franchisee, without offering or providing Franchisee any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Proprietary Marks or the System;

6. We reserve the right to substitute different trade names, trademarks and service marks for use in identifying the System, the Franchised Business and other Franchised Businesses operating thereunder, all of which will become Proprietary Marks;

7. We will have no liability to Franchisee for any senior users that may claim rights to the Proprietary Marks; and

8. Franchisee will not register or attempt to register the Proprietary Marks in Franchisee's name or that of any other person, firm, corporation or other legal entity.

## **VII. CONFIDENTIAL MANUALS**

**A. Compliance.** In order to protect our reputation and goodwill and to maintain uniform standards of operation in connection with the Proprietary Marks, Franchisee will conduct its business in strict compliance with the operational systems, procedures, policies, methods and requirements prescribed in the Manuals and any supplemental bulletins, notices, revisions, modifications or amendments thereto, all of which will be deemed a part thereof. One set of Manuals will be provided to Franchisee on loan from us during the training program, and Franchisee will sign a corresponding receipt therefor. We reserve the right to provide the Manuals electronically, including through web-based or cloud-based services.

**B. Use.** Franchisee agrees to immediately adopt and use the programs, services, methods, standards, materials, policies and procedures set forth in the Manuals, as they may be periodically modified by us. Franchisee acknowledges that we are the owner or licensee of all proprietary rights in and to the System, the Manuals, any proprietary software, and any changes or supplements thereto.

**C. Confidentiality.** Franchisee will at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Franchised Business and all of the information contained therein as proprietary and confidential, and will use all reasonable efforts to maintain such information as confidential. Any physical copies of the Manuals must remain on the premises of the Franchised Business at all times.

**D. Trade Secrets.** Franchisee acknowledges, knows and agrees that designated portions of the Manuals are "trade secrets" owned and treated as such by us.

**E. Access.** The Manuals and our trade secrets must be accorded maximum security consistent with Franchisee's need to make frequent reference thereto. Franchisee will strictly limit access to the Manuals to employees who have a demonstrable and valid need to know the information contained therein in order to perform their duties. Franchisee will strictly follow any provisions in the Manuals regarding the care, storage and use of the Manuals and all related proprietary information.

**F. Duplication.** Franchisee will not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce in any manner any part of the Manuals, updates, supplements or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.

**G. Franchisor's Property.** The Manuals will at all times remain our sole property. On the expiration or termination of the Franchise for any reason, Franchisee will return to us the Manuals and all supplements thereto.

**H. Updates or Revisions.** We retain the right to prescribe additions to, deletions from or revisions to the Manuals, which will become binding on Franchisee on being mailed, provided on-line or otherwise delivered to Franchisee, as if originally set forth therein. The Manuals, and any such additions, deletions or revisions thereto, will not alter Franchisee's fundamental rights and obligations hereunder.

**I. Master Set.** Franchisee will at all times ensure that the Manuals are kept current and up to date, and in the event of any dispute as to the contents of the Manuals, the terms contained in the master Manuals maintained by us at our headquarters office will be controlling.

## **VIII. CONFIDENTIAL INFORMATION**

**A. Confidential Relationship.** The parties expressly understand and agree that the relationship established between us and Franchisee by this Agreement is one of confidence and trust, and that as a result, we will be disclosing and transmitting to Franchisee certain trade secrets and other confidential and proprietary information concerning various aspects of Franchisee's operation of the Franchised Business, its methods of operation, techniques and all proprietary systems, procedures and materials relevant thereto pursuant to the System and this Agreement.

**B. Confidential Information Defined.** Any and all information, knowledge, know how, systems, programs and other methods and techniques which we designate as confidential or proprietary or trade secret will be deemed Confidential Information for purposes of this Agreement; provided, that Confidential Information does not include information that Franchisee can demonstrate came to its attention prior to its disclosure by us or which had become a part of the public domain other than through a wrongful act of Franchisee or a third party. It is understood and agreed that information, improvements to the System or techniques prepared, compiled or developed by Franchisee, its employees or agents during the term of the Franchise and relating to the Franchised Business, whether developed separately or in conjunction with us, will be considered as part of the Confidential Information. Franchisee acknowledges that it is not hereby authorized to make any unapproved changes to the System, but Franchisee hereby grants to us for the benefit of the System, with the right to sub-license to others, an irrevocable, worldwide, exclusive, royalty free license, to use any such changes to the System.

**C. Obligations of Franchisee.** In order to preserve and protect the Confidential Information which is disclosed to Franchisee during the term of the Franchise, Franchisee agrees that:

1. Franchisee will treat and maintain the Confidential Information as confidential both during the term of the Franchise and thereafter;
2. Franchisee will use the Confidential Information only for its operation of the Franchised Business under this Agreement;
3. Franchisee will disclose the Confidential Information only as necessary to its employees or agents who have a demonstrable and valid need to know the Confidential Information and not to anyone else;

4. Franchisee will restrict disclosure of the Confidential Information to only those of its employees or agents who are directly connected with the performance of work requiring knowledge thereof and will disclose only so much of the Confidential Information as is required to enable those employees or agents to carry out their assigned duties;

5. Franchisee will advise its employees or agents of the confidential nature of such information and the requirements of nondisclosure thereof; and

6. Franchisee will not disclose any Confidential Information or provide access to the Manuals to any employee, independent contractor or agent until that person executes a confidentiality and nondisclosure agreement in a form periodically approved by us. We will be designated a third party beneficiary of such confidentiality and nondisclosure agreements with the right to enforce the agreements independently of Franchisee.

**D. Protection of Information.** Franchisee acknowledges that it will be required to gain knowledge of Confidential Information and the System which are owned by us and which are necessary and essential to the operation of the Franchised Business. Franchisee acknowledges that such Confidential Information was unknown to it prior to negotiation for and execution of this Agreement or any prior franchise agreement. Franchisee will take all steps necessary, at its own expense, to protect the Confidential Information and will not divulge the same either during or on the termination of the Franchise without our prior written consent.

**E. Remedies.** Franchisee acknowledges that in addition to any remedies available to us under Section XIII hereunder, Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by us in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the requirements of this Section VIII.

**F. Communications with Clients.** In order to maintain the high standards of quality control throughout the System, we reserve the right to periodically use test customers, customer surveys or other customer satisfaction sampling methods, without prior notification to Franchisee, in order to determine whether the Franchised Business is maintaining high standards of quality, integrity, safety, appearance and customer service.

## **IX. ACCOUNTING, INSPECTIONS AND RECORDS**

**A. Maintenance of Books and Records.** Franchisee will maintain during the term of the Franchise and will preserve for not less than 7 years after the date of preparation (or such other time period specified in the Manuals) full, complete and accurate books, records and accounts and all supporting materials in accordance with the System, in the form and manner periodically prescribed by us in the Manuals or otherwise in writing.

**B. Weekly and Monthly Reporting.** During the term of the Franchise, Franchisee will submit to us weekly and monthly reports, in the forms and formats prescribed by us, accurately setting forth each week's or month's Gross Sales, Royalty Fees and Marketing Fund Contributions due, as well as such other data and information regarding the operation of the Franchised Business as we may reasonably require.

**C. Financial and Related Reporting.** During the term of the Franchise, in order to provide us with sufficient information to effectively advise Franchisee on the performance of the Franchised Business, Franchisee will submit to us:

1. within 90 days of the completion of the fiscal year of Franchisee, an annual financial statement of the Franchised Business, which will include an income statement and balance sheet prepared in accordance with generally accepted accounting principles, signed by Franchisee, or its President, Treasurer or Chief Financial Officer, attesting that the statement is true and correct and, if requested by us, reviewed by an independent certified public accounting firm at Franchisee's expense.

2. within 90 days of the completion of the fiscal year of Franchisee, copies of federal and state sales or income tax returns applicable to the Franchised Business.

3. at a time specified by us after the end of each fiscal quarter, a profit and loss statement for the prior fiscal quarter, in a format approved by us, which we may require to be certified by Franchisee's accounting firm or attested to by Franchisee or its President, Treasurer or Chief Financial Officer.

4. at a time specified by us after the end of each fiscal quarter, a completed SCOA, in a format approved by us, certified by Franchisee or its President, Treasurer or Chief Financial Officer.

**D. Other Submissions.** Franchisee is required by this Agreement to periodically submit to us, at Franchisee's expense, certain reports, records, information and data as we may reasonably designate on request or as specified in writing. Franchisee will also submit to us, for review and auditing, such other forms, and other reports, including accounting of local advertising expenditures and any and all other information and data as we may reasonably designate, in the form and at the times and places reasonably required by us, on request and as periodically specified in the Manuals or otherwise in writing, at any time during the term of the Franchise.

**E. Inspection.** We or our designated agents will have the right, at all reasonable times, to examine and copy the books, records, receipts and tax returns of Franchisee and/or to conduct an independent audit of the books and records of Franchisee. If an audit or inspection should reveal that any payments to us have been understated in any report to us, then Franchisee will immediately pay to us, on demand, the amount understated, plus interest calculated at the Default Rate on a daily basis. If an audit or inspection should reveal an understatement of Gross Sales of 2% or more for any 12-week period, or the audit or inspection was due to Franchisee's failure to submit required reports or other information in a timely manner, then in addition to payment of the amount owed plus interest, Franchisee will reimburse us for any and all costs and expenses connected with the audit or inspection (including, without limitation, reasonable accountants' and attorneys' fees) and pay to us an administrative fee equal to 10% of the amount owed (including any accrued interest). The foregoing remedies will be in addition to any other remedies available to us. All such audit fees, costs and expenses, as well as the interest thereon, are non-refundable.

**F. Electronic Reporting.** Franchisee must use computerized record-keeping and accounting systems as we require. We reserve the right to require Franchisee to submit reports or

other information to us electronically, and/or to allow us remote direct access to Franchisee's computer system and records concerning the Franchised Business.

## **X. INSURANCE**

**A. Procurement.** Franchisee will procure, prior to the commencement of any operations under this Agreement from an AM Best rated A-VII (or greater) insurer, and thereafter maintain in full force and effect during the term of the Franchise, at Franchisee's expense, an insurance policy or policies protecting Franchisee and us, and its and our officers, directors, partners and employees, against any loss, liability, personal injury, death, property damage or expense whatsoever from fire, lightning, theft, vandalism, malicious mischief and the perils included in the extended coverage endorsement, arising or occurring on or in connection with the Franchised Business or the construction of or leasehold improvements to the Franchised Business, or by reason of the operation or occupancy of the Franchised Business, as well as such other insurance applicable to such other special risks, if any, as we may reasonably require for Franchisee's and our own protection. Franchisee will be obligated to procure such insurance and to submit copies of such policies to us 30 days before the opening to the public of the Franchised Business.

**B. Minimum Coverage.** Such policy or policies will be satisfactory to us, and will be written by insurers satisfactory to us, in accordance with the standards and specifications set forth in the Manuals or otherwise in writing, and will include, at a minimum (except as additional coverage and higher policy limits may reasonably be periodically specified by us in the Manuals or otherwise in writing) the following:

1. Comprehensive general liability insurance with coverage of \$1,000,000 per occurrence, \$1,000,000 per person, and \$2,000,000 in the aggregate (or such greater amounts required by your lease or by us), with \$5,000 per person medical benefits and a maximum deductible of \$2,500 (including coverage for advertising, liability, blanket contractual liability, broad form property damage liability, completed operations liability, independent contractor liability, personal liability, and product liability), naming us and our affiliates as additional insureds in each policy or policies;

2. All risks insurance with coverage for full replacement value of all furniture, fixtures, equipment, inventory, supplies and other property used in the operation of your franchised business (including theft, and hurricane, wind, flood and/or earthquake coverage where there are known risks);

3. Business interruption insurance in the amount of \$250,000, or in an amount equal to the estimated annual Gross Sales of the Franchised Business, whichever is greater; and

4. Worker's compensation and employer's liability insurance as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated.

**C. Construction Coverage.** In connection with any construction, leasehold improvements or renovations of the premises of the Franchised Business, Franchisee will cause the general contractor to maintain with a reputable insurer comprehensive general liability

insurance (with comprehensive automobile liability coverage for both owned and non owned vehicles, builder's risk, product liability and independent contractors coverage) in at least the amount of \$1,000,000 with us named as an additional insured, and worker's compensation and employer's liability insurance as required by state law. A copy of the Certificate of Insurance for worker's compensation coverage will be provided to us.

**D. Certificates.** At least 30 days before the opening of the Franchised Business and on each policy renewal date thereafter, Franchisee will submit to us, original or duplicate copies of all policies and policy amendments. The evidence of insurance will include a statement by the insurer that the policy or policies will not be cancelled or materially altered without at least 30 days prior written notice to us.

**E. Independence of Coverage Requirements.** Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance which may be maintained by us, and Franchisee's performance of that obligation will not relieve it of liability under the indemnity provision set forth in Section XVIII of this Agreement.

**F. Failure to Procure.** Should Franchisee for any reason fail to procure or maintain the insurance required by this Agreement, as periodically revised for all franchisees by the Manuals or otherwise in writing, we will have the right and authority (without, however, any obligation) to immediately procure such insurance at rates then available and to charge the same to Franchisee, which rates, plus a reasonable fee for our expenses in so acting, including all attorneys' fees, will be payable by Franchisee immediately on notice.

## **XI. TRANSFER OF INTEREST; OPERATION BY FRANCHISOR**

**A. Transfer by Franchisor.** We will have the right to assign this Agreement, and all of our rights and privileges hereunder, to any person, firm, corporation or other legal entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee will, at the time of such assignment, be capable of performing our obligations hereunder, and (ii) the assignee will expressly assume and agree to perform such obligations. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that we may sell our assets, and our rights to the Proprietary Marks and the System, outright to a third party; may engage in a public offering or private placement of some or all of our securities; may merge, acquire other legal entities, or be acquired by another legal entity; or may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring. With regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of any of said Proprietary Marks (or any variation thereof). Franchisee will bear the costs of modifying or replacing the Proprietary Marks under the conditions set forth in Section VI.B.8 Nothing contained in this Agreement will require us to remain in our current business, or to offer the same products and services, whether or not bearing the Proprietary Marks, if we exercise our rights hereunder to assign our rights in this Agreement.

**B. Transfer by Franchisee.**



1. Neither Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the Franchised Business, nor any individual, partnership, corporation, limited liability company or other legal entity which holds any equity interest of Franchisee if Franchisee is a legal entity, nor any general partner or limited partner (including any legal entity which controls, directly or indirectly, any general or limited partner) if Franchisee is a partnership, will sell, assign, convey, give away, pledge, mortgage, encumber or otherwise transfer ("transfer") any direct or indirect interest in Franchisee, in its assets or in the Franchised Business, without our prior written consent; provided, however, that our prior written consent will not be required for a transfer to a wholly-owned legal entity of Franchisee formed expressly for that purpose. Any such transfer must, however, comply with all applicable state and local laws and regulations, and to the extent required, be approved by applicable state and/or local regulators. Franchisee must notify us in writing at least 60 days before the date of any intended transfer. Any purported transfer, by operation of law or otherwise, not having our written consent, will be null and void, and will constitute a material default of this Agreement, for which we may then terminate the Franchise without opportunity to cure pursuant to Section XIII.A.

2. We will not unreasonably withhold our consent to any transfer. If, however, a transfer, alone or together with other previous, simultaneous or proposed transfers, would have the effect of transferring a controlling interest in Franchisee or the Franchised Business, we may, in our sole discretion, require any or all of the following as conditions of our approval:

a. All of Franchisee's accrued monetary obligations and all other outstanding obligations to us, our subsidiaries, affiliates and suppliers, will be fully paid and satisfied;

b. Franchisee will not be in default of any provision of this Agreement, any amendment hereof or any successor hereto, any other franchise agreement, or any other agreement between Franchisee and us or an entity related to us;

c. Franchisee, and each of its officers, directors, shareholders, members, partners or other owners, will have executed a general release, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders, members, employees and agents, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

d. The transferee will demonstrate to our satisfaction that the transferee meets our business standards; possesses a good moral character, business reputation, financial qualification and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related experience, our testing criteria or otherwise); meets the same managerial and financial criteria required of other new franchisees; and will have sufficient equity capital to operate the Franchised Business;

e. The transferee will execute any transfer or assumption agreements in forms satisfactory to us, agreeing to assume and/or discharge all of Franchisee's obligations, including any leases, installment sale agreements and other agreements related to the Franchised Business. If the transferee is not an individual, then the shareholders, members, partners or other owners of the transferee will jointly and severally guarantee the obligations of Franchisee under this Agreement in writing in a form satisfactory to us;

f. The transferee will execute (and/or, at our request, will cause all interested parties to execute), for a term of 10 years commencing on the date of transfer, our then-current form of franchise agreement being offered to new franchisees and such other ancillary agreements as we may require for the Franchised Business, which agreements will supersede this Agreement in all respects. The terms and conditions of such agreements may differ materially from the terms and conditions of this Agreement, including, without limitation, higher Royalty Fees, higher Marketing Fund Contributions, other fees, and a different Protected Territory to comply with our then-current standards;

g. The transferee will renovate the Franchised Business, at transferee's expense, to conform it to the then-current specifications being used in new Franchised Businesses, and will complete the renovations within the time specified by us;

h. Franchisee will remain liable for all direct and indirect obligations to us in connection with the Franchised Business prior to the effective date of the transfer, will continue to remain responsible for its obligations of nondisclosure, noncompetition and indemnification as provided elsewhere in this Agreement, and will execute any and all instruments reasonably requested by us to further evidence such liability;

i. At the transferee's expense, the transferee and its manager and employees will complete any training programs then in effect for new franchisees on such terms and conditions as we may reasonably require, unless such employees have been trained previously by us;

j. At least 30 days before the proposed transfer date, Franchisee will pay to us a transfer fee equal to 50% of the then-current initial franchise fee to cover our administrative expenses in connection with the proposed transfer, unless the transfer is subject to Section XI.C of this Agreement; and at the time of transfer, if Franchisee requested our assistance to sell the Franchised Business or we are otherwise primarily responsible for referring, locating or finding the approved transferee, Franchisee also will pay us a finder's fee of equal to 8% of the sales price for the Franchised Business, which sales price will include all consideration Franchisee will receive on account of the transfer;

k. Franchisee will provide us with proof that the transfer is being done in accordance with local city, county and/or state licensing requirements and other regulations; and

l. The transferor will provide us with a copy of the agreements of purchase and sale between the transferor and the transferee.

3. Franchisee will grant no security interest in the Franchised Business or in any of its assets unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, we will have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee. Notwithstanding the foregoing, we will not be construed as a guarantor or surety for Franchisee.

4. Franchisee acknowledges and agrees that each of the foregoing conditions of transfer which must be met by Franchisee and the transferee are necessary and reasonable to assure the transferee's full performance of the obligations hereunder.

**C. Additional Requirements - Legal Entity Franchisees.** The following requirements will apply to Franchisee if Franchisee is a corporation, partnership, limited liability company or other legal entity ("legal entity"), in addition to those requirements set forth elsewhere in this Agreement, the Manuals or otherwise:

1. Franchisee will be a newly organized legal entity and its Articles of Incorporation, Articles of Organization or Agreement of Partnership ("Articles") will at all times provide that its activities are confined exclusively to operating the Franchised Business.

2. The Articles, Bylaws and other governing documents, and any amendments thereto, including the resolutions of the Board of Directors or other official action authorizing entry into this Agreement, will be promptly furnished to us.

3. Each stock certificate, certificate of interest or certificate of ownership issued to shareholders, members, partners or other owners of Franchisee will have conspicuously endorsed on its face a statement in a form satisfactory to us, such as:

"THE TRANSFER, PLEDGE OR ALIENATION OF THIS {insert type of evidence of ownership} IS SUBJECT TO THE TERMS AND RESTRICTIONS CONTAINED IN THE FRANCHISE AGREEMENT DATED {insert date} BETWEEN FRANCHISOR AND {insert name of legal entity}."

4. Franchisee will maintain a current list of all owners of record and all beneficial owners of any class of voting stock or other ownership interest in Franchisee, and will furnish the list to us on request, together with the current addresses and phone numbers of each owner.

5. All shareholders, members, partners or other owners of Franchisee will jointly and severally guarantee Franchisee's performance hereunder, and will bind themselves to the terms of this Agreement; provided, however, that the requirements of this Section XI.C.5 will not apply to a publicly held corporation.

**D. Offerings by Franchisee.** Securities or partnership interests in Franchisee may be offered to the public, by private offering or otherwise, but only with our prior written consent, whether or not our consent is required under Section XI.B, which consent will not be unreasonably withheld, and subject to and in compliance with all applicable laws and regulations. All materials required for such offering by federal or state law, as well as any materials to be used in any exempt offering, will be submitted to us for review at least 60 days prior to such documents being filed with any government agency or distributed to proposed investors. No offering by Franchisee will imply (by use of the Proprietary Marks or otherwise) that we are participating in the underwriting, issuance or offering of Franchisee's securities, and our review of any offering will be limited solely to the subject of the relationship between Franchisee and us. Franchisee and any other participants in the offering must fully indemnify us in connection with the offering pursuant to an indemnity

agreement in form and substance satisfactory to us and our counsel. For each proposed offering, Franchisee will pay to us a non-refundable amount as is necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering documents, including, without limitation, legal and accounting fees. Subsequent to approval of such offering documents, Franchisee will give us at least 60 days written notice prior to the proposed effective date of any offering or other transaction covered by this Section XI.D.

**E. Franchisor's Right of First Refusal.**

1. Any party who holds an interest in Franchisee or in the Franchised Business (as reasonably determined by us and not including the System, the Proprietary Marks or other property of ours), and who desires to accept any bona fide offer from a third party to purchase the party's interest, will notify us in writing of each such offer and, except as otherwise provided herein, we will have the right and option, exercisable within 30 days after receipt of such written notification, to either request additional information or send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. The seller must provide us with the name and address of the prospective purchaser, the price and terms of the offer, a copy of the sales contract, and such other information as we may reasonably request to evaluate the offer. Any material change in the terms of any offer before closing will constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. If we elect to purchase the seller's interest, closing on such purchase must occur by the later of: (i) the closing date specified in the third party's offer; (ii) within 60 days after the date of notice to the seller of our election to purchase; or (iii) upon obtaining any required approvals from applicable state and local regulators who may approve or disapprove of such transfer. Our failure to exercise the option afforded by this Section XI.E will not constitute a waiver by us of any other provision of this Agreement, including all of the requirements of this Section XI with respect to a proposed transfer.

2. If the consideration, terms and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash, provided that we may spread payment in 3 equal installments over 3 years. If the parties cannot agree, within a reasonable time, on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by a third party, an independent appraiser will be designated by us, and the independent appraiser's determination will be final and binding.

3. If a proposed transferee is the spouse, child or parent of the proposed transferor, or is a person or entity already holding an equity interest in Franchisee, this Agreement, any related agreement, or the Franchised Business as of the date of this Agreement that has been disclosed to us, we will not have any right of first refusal as provided in Section XI.E.1, unless the proposed transferee has a direct or indirect connection with any of our actual or potential competitors or of any of our franchisees. Written notification of this type of transfer must be provided to us by the transferor at least 30 days before consummation of the transfer.

**F. Transfer Upon Death, or Mental Incapacity.** On the death, mental incapacity or disability of Franchisee, or a shareholder of a corporation or a general partner of a partnership or a member of any other legal entity that has been formed to own and operate the Franchised Business, we will consent to the transfer of said interest in Franchisee, the Franchised Business

and this Agreement to the spouse, heirs or relatives by blood or by marriage, of said Franchisee, shareholder, member or partner, whether such transfer is made by will or by operation of law, if, in our sole discretion and judgment, such person or persons meet our educational, managerial and business standards; possess a good moral character, business reputation and credit rating; have the aptitude and ability to conduct the Franchised Business; have at least the same managerial and financial criteria required by new franchisees; will have sufficient equity capital to operate the Franchised Business; and, to the extent required by applicable state or local laws and regulations, have been approved by applicable regulatory or government agencies. If said transfer is not approved by us, the executor, administrator or personal representative of such person will transfer his or her interest to a third party approved by us within 6 months after such death, mental incapacity or disability, subject to compliance with the conditions specified in Sections XI.B and XI.E.

**G. Non-Waiver of Claims.** Our consent to a transfer of any interest in Franchisee or the Franchised Business will not constitute a waiver of any claims we may have against the transferring party, and it will not be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement, or any other agreement to which we and the transferee are parties, by the transferee.

**H. Operation of the Franchised Business by Franchisor.** In order to prevent any interruption of the operation of the Franchised Business, and any injury to the goodwill and reputation of the Franchised Business and thereby depreciation of the value thereof, Franchisee hereby authorizes us, and we will have the right, but not the obligation, to operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that: (i) any of Franchisee's principals, shareholders, members or partners is absent or incapacitated by reason of illness or death, and Franchisee is not, therefore, in our sole judgment, able to operate the Franchised Business, or (ii) any allegation or claim is made against the Franchised Business, Franchisee, or any principals or employees of Franchisee, involving or relating to misrepresentations, or any fraudulent or deceptive practices. If we elect to operate the Franchised Business on behalf of Franchisee, we will keep all revenue from the operation of the Franchised Business in a separate account. Royalty Fees, Marketing Fund Contributions, Technology Support Fees, and other ordinary expenses of the Franchised Business will be charged to the account. In addition, we will document all expenses we incur, such as compensation, travel, living and other expenses of any general manager appointed by us ("Management Expenses"). As compensation for services provided, we will be entitled to reimbursement from the account for the full amount of the Management Expenses incurred, and also to payment from the account of an administrative fee of 10% of Gross Sales, for the period we operate the Franchised Business. We will only have a duty to utilize reasonable efforts in operating the Franchised Business, and will not be liable to Franchisee or its principals for any debts, losses or obligations incurred by the Franchised Business, or to any creditor for any equipment, inventory, products, supplies or services purchased for the Franchised Business during any period in which the Franchised Business is overseen by our general manager, and Franchisee will indemnify and hold harmless us from any and all claims arising from the acts and omissions of us and our representatives during the operation of the Franchised Business.

## **XII. DEFAULT AND TERMINATION**

As a matter of policy, we will make every good faith effort to avoid terminating the Franchise without having first employed all reasonable steps to cause Franchisee to correct and cure any default, except where such default is not subject to cure. Furthermore, the terms and conditions regarding default and termination contained herein will be subject to the applicable state statutes or regulations regarding the termination of a franchise.

**A. Default With No Opportunity To Cure.** Franchisee will be deemed to be in default and we may, at our option, terminate the Franchise and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately on receipt of written notice from us to Franchisee, on the occurrence of any of the following events:

1. If Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and consented to by Franchisee, or if Franchisee is adjudicated bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of Franchisee's business or assets is appointed by any court of competent jurisdiction, or if proceedings for a conference with a committee of creditors under any state, federal or foreign law is instituted by or against Franchisee, or if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed), or if execution is levied against Franchisee's operating location or property, or if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Franchisee and not dismissed within 30 days, or if any substantial real or personal property of the Franchised Business is sold after levy thereon by any sheriff, marshal or constable;

2. If Franchisee ceases to operate the Franchised Business for 2 or more consecutive days, excluding holidays, or loses the right to possession of the premises on which the Franchised Business is located or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if any such loss of right to possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed by a disaster such that the premises cannot, in our judgment, reasonably be restored within 120 days, then, in either such event, Franchisee will have 60 days to identify an alternative site which meets with our then-current site selection criteria and is accepted by us within the Protected Territory for the operation of the Franchised Business ("Substituted Site"), and submit all information reasonably requested by us in connection with the Substituted Site for our review, including but not limited to, site plans. Our acceptance of a Substituted Site will not be unreasonably withheld, but may be conditioned on the payment of agreed minimum Royalty Fees to us during the period the Franchised Business is not in operation. Notwithstanding the foregoing, we will have a right to terminate the Franchise if Franchisee is not in possession of the Substituted Site and open for business to the general public within 5 months after Franchisee's receipt of our acceptance of the Substituted Site;

3. If Franchisee has made any material misrepresentation or omission in this Agreement or any other agreement to which Franchisee and us are parties;

4. If Franchisee (or the principal stockholder, member or general partner of a legal entity Franchisee) repeatedly engages in the excessive use of alcohol and/or abuse of drugs;

5. If Franchisee (or the principal stockholder, member or general partner of a legal entity Franchisee) is convicted of a crime of moral turpitude or similar felony, or is convicted of any other crime or offense that we reasonably believe is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein;

6. If a judgment or a consent decree against Franchisee, or any of its officers, directors, shareholders, members or partners, is entered in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices, or similar deceptive or unfair activities, which is likely to have an adverse effect on the System, or the Proprietary Marks, the goodwill associated therewith, or our interest therein;

7. Except as allowed in Sections VII and VIII hereof, if Franchisee (or the principal stockholder, member or general partner of a legal entity Franchisee) discloses or divulges the contents of the Manuals or any other trade secrets or Confidential Information provided to Franchisee by us, or Franchisee fails to comply with any of the restrictive covenants contained in Section XIV;

8. If Franchisee knowingly maintains false books or records, or knowingly submits any false statements, applications or reports to us;

9. If Franchisee fails to locate a site for the Franchised Business, obtain our acceptance of the site, and sign a lease for the site within 6 months (or any extended period we approve) after execution of this Agreement; if Franchisee fails to open the Franchised Business within 12 months (or any extended period we approve) after execution of this Agreement; if Franchisee relocates or expands the Franchised Business, or amends its lease, without obtaining our prior written approval; or if Franchisee otherwise fails to obtain our prior consent for any step of the opening process;

10. If Franchisee willfully and repeatedly engages in a course of conduct which constitutes a misrepresentation or a deceptive or unlawful act or practice in connection with its sale of the products and services offered at the Franchised Business;

11. If Franchisee receives 3 or more notices of default under Section XII.B during the term of the Franchise, whether or not such defaults are cured after notice;

12. If Franchisee willfully engages in any illegal, immoral or unethical acts in violation of our mission and values;

13. If Franchisee purports to transfer any rights or obligations under this Agreement to any third party without obtaining our prior written consent, contrary to the terms of Section XI; or

14. If Franchisee fails, on 3 consecutive occasions, to pay any fee or other amount owed to us.

**B. Default with 30-Day Opportunity To Cure.** Except as provided in Section XII.A, Franchisee will have 30 days after receiving from us a written notice of default within which to remedy any default described in this Section XII.B, and to provide evidence thereof to us. If any such default is not cured within that time, or any such longer period as applicable law may require, the Franchise, at our option, will terminate without further notice to Franchisee, effective immediately on the expiration of the 30-day period or such longer period as applicable law may require. Franchisee will be in default hereunder for any failure to comply with any of the requirements of this Agreement. Such defaults will include, without limitation, the occurrence of any of the following events:

1. If Franchisee fails, refuses or neglects to pay promptly any monies owing to us or our subsidiaries or affiliates when due;
2. If Franchisee fails to maintain any of the standards or procedures prescribed by us in this Agreement, including its attachments, or in the Manuals;
3. If Franchisee fails to comply with its duties set forth in Section V of this Agreement or fails to perform any obligation owing to us or to observe any covenant or agreement made by Franchisee, whether such obligation, covenant or agreement is set forth in this Agreement or in any other agreement, including any other franchise agreement, between Franchisee and us or any entity related to us;
4. If Franchisee fails to reasonably promote the Franchised Business as provided in this Agreement or the Manuals, or as otherwise required by us in writing;
5. If Franchisee fails to maintain and submit to us any reports or documents required to be maintained or submitted under this Agreement, including financial statements, weekly, monthly and other reports of Gross Sales, and copies of tax returns;
6. If Franchisee fails to maintain our quality control standards with respect to its use of signage and other uses of the Proprietary Marks;
7. If Franchisee fails to notify us, at least 90 days before a proposed relocation or expansion date, of Franchisee's intention to relocate or expand the Franchised Business;
8. If Franchisee, or its principals or employees, fail to attend and successfully complete any mandatory training program, unless attendance is excused or waived in writing by us;
9. If Franchisee fails to obtain our prior written approval of any and all advertising, marketing or promotional plans and materials in whatever form used by Franchisee in connection with its promotion of the Franchised Business, or otherwise fails to comply with our policies and procedures with respect to advertising, marketing or promotion;
10. If Franchisee violates any federal, state or local law or regulation, or fails to notify us promptly after receipt of a citation for any such a violation;



11. If Franchisee fails to obtain and maintain the insurance policies required by us;

12. If Franchisee knowingly makes a material false or incomplete statement, including the underpayment or underreporting by 5% or more for any 12-week period, of any amount owed to us or any of our affiliates or subsidiaries, in any report submitted to us;

13. If Franchisee, by act or omission, permits a continued violation in connection with the operation of the Franchised Business of any law, ordinance, rule or regulation of a governmental agency, in the absence of a good faith dispute over its application or legality, and fails to promptly resort to an appropriate administrative or judicial forum for relief therefrom;

14. If Franchisee fails to obtain and maintain all required licenses or permits under state and local law;

15. If Franchisee misuses or makes any unauthorized use of the Proprietary Marks, engages in any business or markets any service or products under a name or mark which is confusingly similar to the Proprietary Marks, or otherwise materially impairs the goodwill associated therewith or our rights therein;

16. If a threat or danger to public safety results from the construction, maintenance or operation of the Franchised Business;

17. If Franchisee fails to strictly comply with our product and service quality control standards and specifications, fails to use suppliers approved by us, or otherwise fails to meet any other requirements set forth in the Manuals; or

18. If Franchisee defaults under its lease for the premises on which the Franchised Business is located, or under any other agreement to which Franchisee and we or any entity related to us, are parties, and fails to cure said default within the grace period (if any) provided for in such agreement.

In addition, at any time that Franchisee is in default of its obligations under this Agreement, prior to terminating the Franchise, we may suspend Franchisee's access to any services, and discontinue Franchisee's access to national account services arranged by us by notifying the service provider that Franchisee is in default of this Agreement. If Franchisee cures the default, we will reinstate Franchisee's access to services and notify the national account service provider.

**C. No Right or Remedy.** No right or remedy herein conferred on or reserved to us are exclusive of any other right or remedy provided or permitted by law or equity.

**D. Default and Termination.** The events of default and grounds for termination described in this Section XII will be in addition to any other grounds for termination contained elsewhere in this Agreement or otherwise.

**E. Right to Purchase.** In the event of termination of the Franchise for any reason, including a default under this Section XII, we will have the right and option to purchase Franchisee's interest in the tangible assets of the Franchised Business as set forth in Paragraph

XIII.J below. If we elect to purchase Franchisee's interest in said assets, Franchisee will, at our sole option, also execute 1) an assignment of the lease for the premises of the Franchised Business, and 2) an assignment in and to Franchisee's telephone numbers of the Franchised Business.

### **XIII. OBLIGATIONS UPON TERMINATION, EXPIRATION OR NON-RENEWAL**

On expiration, termination or non-renewal of the Franchise, all rights granted hereunder to Franchisee will terminate, and Franchisee will observe and perform the following:

**A. Cessation of Operation.** Franchisee will immediately cease to operate the Franchised Business, and will not thereafter, directly or indirectly, represent to the public or hold itself out as our franchisee. Other than as specifically set forth in this Article XIII, Franchisee will have no interest in the Franchised Business on expiration, termination or non-renewal of the Franchise. If Franchisee fails or refuses to comply with any of the requirements of this Article XIII, we will have the right to enter on the premises of the Franchised Business without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay to us on demand.

**B. Cessation of Use of System and Proprietary Marks.** Franchisee will immediately and permanently cease to use, in any manner whatsoever, any equipment, format, confidential methods, customer data base, programs, literature, procedures and techniques associated with the Proprietary Marks and the System, and any distinctive trade dress, forms, slogans, uniforms, signs, symbols or devices associated with the System. In particular, Franchisee will cease to use, without limitation, all signs, fixtures, furniture, equipment, advertising materials or promotional displays, uniforms, stationery, forms and any other articles which display the Proprietary Marks associated with the System. Franchisee agrees, that if Franchisee continues to operate or subsequently begins to operate any other business which is not in violation of Section XIV.C, Franchisee will not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks or trade dress, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Proprietary Marks or trade dress, and Franchisee agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition.

**C. Cancellation of Name.** Franchisee will take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks or any other trademark, trade name or service mark of ours, and Franchisee will furnish us with evidence satisfactory to us of compliance with this obligation within 30 days after expiration, termination or non-renewal of the Franchise.

**D. Optional Assignment of Lease.** Franchisee will, at our option pursuant to Section XII.E above, assign to us any interest which Franchisee has in any lease for the premises of the Franchised Business. If we do not elect to exercise our option to acquire such lease, Franchisee will make such modifications or alterations to the premises of the Franchised Business immediately, on expiration, termination or non-renewal of the Franchise, as may be necessary to distinguish the appearance of said premises from that of other franchised businesses under the System, and will make such specific additional changes thereto as we may reasonably request for

that purpose; provided, however, this provision does not authorize Franchisee to operate a business in violation of Section XIV.C hereof.

**E. Franchisor's Right to Continue Operation.** If the Franchise expires, or is terminated or not renewed, we may, at our option, immediately enter the premises of the Franchised Business and continue to provide products and services to customers of the Franchised Business, and apply the receipts therefrom to debts owed to us by Franchisee. We will have no other obligations to Franchisee in connection with our operation of the Franchised Business following said expiration, termination or non-renewal.

**F. Prompt Payment Upon Default.** Franchisee will promptly pay all amounts owing to us and our subsidiaries, affiliates and suppliers. In the event of termination of the Franchise due to any default of Franchisee, such amounts will include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which obligation will give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, machinery, fixtures, equipment and inventory owned by Franchisee and on the premises of the Franchised Business at the time of default.

**G. Payment of Costs.** Franchisee will pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the expiration, termination or non-renewal of the Franchise in obtaining injunctive or other relief for the enforcement of any provision of this Article or any other obligation under this Agreement.

**H. Return of Materials.** Franchisee will immediately turn over to us all copies of all materials in Franchisee's possession, including the Manuals, all records, files, instructions, correspondence, customer databases, brochures, agreements, disclosure statements and any and all other materials relating to the operation of the Franchised Business in Franchisee's possession, and all copies thereof (all of which are acknowledged to be our property), and will retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. All costs of delivering all materials will be borne by Franchisee.

**I. Assignment of Telephone Listings.** Franchisee acknowledges that as between us and Franchisee, we have the sole right to and interest in all telephone numbers, and all internet and directory listings, associated with any Proprietary Marks. Franchisee will promptly notify the appropriate service providers and all directory listing agencies of the expiration or termination of Franchisee's right to use any number or listings associated with any Proprietary Marks, and will promptly authorize the transfer of same to or at our direction. In connection therewith, Franchisee will execute a Transfer of Service Consent & Authorization in the form of Attachment 3 or as required by the service provider, granting us the authority to change, transfer or terminate any telephone number or listing, email address, domain name or comparable electronic identifier that is associated with any Proprietary Mark, which we will use only if Franchisee does not comply fully with this Section after the expiration, termination or non-renewal of the Franchise.

**J. Option to Purchase.** We will have the right, but not the obligation, to purchase any or all of the tangible assets of the Franchised Business, including the leasehold improvements, furniture, fixtures, equipment, signs, advertising materials, promotional displays, supplies, forms,

inventory, software or all items bearing the Proprietary Marks, at fair market value; determined in a manner consistent with reasonable depreciation of the acquired assets. In no event will the purchase price include any factor for any Proprietary Marks used in operation of the Franchised Business, for Goodwill, or for the lease. Leasehold improvements will be discounted predicated on Franchisee's remaining lease term, including renewals. In the event of a termination of the Franchise for any reason, the purchase price will be the lesser of Franchisee's cost or fair market value, and will include a factor for the "going concern" value of the Franchised Business, unless the termination arose from a material financial default by Franchisee, in which case there will be no allowance for going concern value. We may exclude any assets that do not meet our then-current quality standards, less any amounts (i) owed by Franchisee to us, (ii) owed to any appraiser; (iii) necessary to renovate the premises to meet our then-current standards for the Franchised Business if we have exercised our option to assume the lease, and (iv) necessary to acquire clear title to the lease interest if we have exercised our option to assume the lease. If the parties cannot agree on fair market value within 30 days, the fair market value will be determined by an independent appraiser jointly selected by Franchisee and us. If the parties cannot agree on an appraiser within such 30-day period, then the independent accounting firm that prepares our audited financial statements will select a qualified appraiser. The appraiser's determination will be final and binding. Our election to purchase provided for herein must be exercised by written notice to Franchisee within 60 days after expiration, termination or non-renewal of the Franchise. At our option, the purchase price may be divided into 3 equal payments and paid over 3 years.

**K. Covenant of Further Assurances.** Franchisee will execute any legal document that may be necessary to effectuate the expiration, termination or non-renewal of the Franchise, and will, furnish to us, within 30 days after the effective date of expiration, termination or non-renewal, written evidence satisfactory to us of Franchisee's compliance with the foregoing obligation.

**L. Compliance with Covenants.** Franchisee will comply with all applicable covenants contained in Section XIV of this Agreement.

## **XIV. COVENANTS**

**A. Best Efforts.** Franchisee covenants that during the term of the Franchise, except as otherwise approved in writing by us, Franchisee or its Manager will devote his or her full time, energy and best efforts to the efficient and effective operation of the Franchised Business.

**B. Non-Solicitation and Non-Competition.** Franchisee has heretofore specifically acknowledged that pursuant to this Agreement, Franchisee will receive from us valuable specialized training and confidential and other information regarding the business, promotional, sales, marketing and operational methods and techniques associated with the System. Franchisee covenants that during the term of the Franchise, except as otherwise approved in writing by us, Franchisee and its principals will not, either directly or indirectly, for itself or themselves, or through, on behalf of or in conjunction with any person, persons, partners or legal entity:

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

2. Employ or seek to employ any person who is at that time employed by us or by any other franchisee, or otherwise directly or indirectly induce such person to leave his or her employment;

3. Own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Franchised Business;

4. Sell, or offer for sale, products or services offered by, or similar to those offered by, the Franchised Business in any venue other than through, and on the premises of, the Franchised Business;

5. Complete sales of products or services offered by the Franchised Business other than through our online e-commerce platform; or

6. Solicit, or offer for sale, any other business or investment opportunity unrelated to the Franchised Business to any other franchisee of ours.

**C. Restrictive Covenants.** Franchisee covenants that, except as otherwise approved in writing by us, for a continuous uninterrupted 2-year period commencing on the expiration, termination or non-renewal of the Franchise, Franchisee and its principals will not either directly or indirectly, for itself or themselves, or through, on behalf of or in conjunction with any person, persons, partnership or legal entity, own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any interest in any business which is the same as or substantially similar to the Franchised Business, and which is located within a radius of 30 miles of the Franchised Business or any Season 2 business which is planned or in existence on the date of termination, expiration or non-renewal of the Franchise. If the period of time or the area specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the area will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time or in such area as is adjudged to be reasonable.

**D. No Undue Hardship.** Franchisee acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, or Franchisee's shareholders, members or partners, if Franchisee is a legal entity or partnership, since Franchisee, its shareholders, members or partners have other considerable skills, experience and education which afford Franchisee, its shareholders, members or partners the opportunity to derive income from other endeavors.

**E. Inapplicability of Restrictions.** Sections XIV.B.3 and XIV.C will not apply to the ownership by Franchisee of less than a 5% beneficial interest in the outstanding equity securities of any publicly held corporation.

**F. Independence of Covenants.** The parties agree that each of the covenants in this Section XIV will be construed as independent of any other covenants or provisions in this Agreement. If any or all portions of a covenant in this Section XIV is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed

within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

**G. Franchise System.** Franchisee agrees to follow the System, and to conduct the Franchised Business in accordance with our operating policies and stated principles.

**H. Modification of Covenants.** Franchisee understands and acknowledges that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section XIV, or any portion thereof, without Franchisee's consent, effective immediately on receipt by Franchisee of written notice thereof, and Franchisee agrees that it will forthwith comply with any covenant as so reduced, which will be fully enforceable notwithstanding the provisions of Section XXII hereof.

**I. Enforcement of Covenants.** Franchisee expressly agrees that the existence of any claims it may have against us, whether or not arising from this Agreement, will not constitute a defense to the enforcement by us of the covenants in this Section XIV. If Franchisee violates Section XIV.B.2 of this Agreement, Franchisee must compensate the affected party (either us or another franchisee) by paying liquidated damages in an amount equal to the departed employee's annual salary, on receipt of written demand from the affected party. Franchisee further agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by us in connection with the enforcement of any of the covenants set forth in this Section XIV.

**J. Injunctive Relief.** Franchisee acknowledges that its violation of the covenants not to compete contained in this Section XIV will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of the covenants not to compete set forth in this Section XIV. Franchisee expressly agrees that it may be presumed conclusively that any violation of said covenants not to compete was accomplished by and through Franchisee's unlawful utilization of our confidential information, know-how, methods and procedures.

**K. Written Agreements.** At our request, Franchisee will require and obtain execution of covenants similar to those set forth in this Section XIV (including covenants applicable on the termination of a person's relationship with Franchisee) from Franchisee's officers, directors, shareholders, members or partners. All covenants required by this Section XIV.K will be in forms satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Franchisee to obtain execution of the covenants required by this Section XIV.K will constitute a default under Section XII.B of this Agreement.

## **XV. CHANGES AND MODIFICATIONS**

This Agreement may be modified only on the execution of a written agreement by us and Franchisee. We reserve and will have the sole right to make changes in the Manuals, the System and the Proprietary Marks at any time and without prior notice to Franchisee. Franchisee will promptly alter any signs, products, equipment, business materials or related items, at its sole cost and expense, on receipt of written notice of such changes in order to conform the Franchised Business to our revised specifications. In the event that any improvement in the System is

developed by Franchisee, then Franchisee agrees to grant to us an irrevocable, worldwide, exclusive, royalty free license, with the right to sublicense such improvement.

Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System must not remain static, in order that it best serve our interests and our franchisees' interests. Accordingly, Franchisee expressly understands and agrees that we may periodically change the components of the System, including altering the programs, services, methods, specifications, standards, forms, policies and procedures of the System, and adding to, deleting from or modifying the products and services which the Franchised Business is authorized to sell, and changing the Proprietary Marks. Subject to the other provisions of this Agreement, Franchisee expressly agrees to abide by any such changes.

## **XVI. TAXES AND INDEBTEDNESS**

**A. Payment.** Franchisee will promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by Franchisee in the operation of the Franchised Business. Franchisee will pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

**B. Dispute.** In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event will Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

**C. Compliance with Federal, State and Local Laws.** Franchisee will comply with all federal, state and local laws, rules and regulations, and will timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the Franchised Business, including, without limitation, state and local packaging requirements, licenses to do business and provide services, fictitious name registrations and sales tax permits. Franchisee acknowledges that federal, state and local laws and regulations may change, and Franchisee is required to comply with those changes, even if they substantially alter the operation of the Franchised Business, cause the termination of lucrative products or services, or impose new costs on the Franchise Business. Copies of all inspection reports, warnings, certificates and ratings, issued by any governmental entity during the term of the Franchise in connection with the conduct of the Franchised Business which indicate Franchisee's failure to meet or maintain the highest governmental standards or less than full compliance by Franchisee with any applicable law, rule or regulation, will be forwarded to us by Franchisee within 3 days of Franchisee's receipt thereof.

**D. Duty to Notify.** Franchisee will notify us in writing within 3 days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business. Additionally, any and all consumer related complaints will be answered by Franchisee within 15 days after receipt thereof

or such shorter period of time as may be provided in said complaint. A copy of said answer will be forwarded to us within 3 days of the date that said answer is forwarded to the complainant.

## **XVII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

### **A. Independent Contractor.**

1. It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that Franchisee will be an independent contractor, and that nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

2. During the term of the Franchise, Franchisee will conspicuously identify itself in all dealings with customers, suppliers, public officials, its personnel and others, as the independent owner and operator of the Franchised Business under a license granted by us, and will place notices of independent ownership and operation on signs, forms, business cards, stationery, advertising and other materials as we may require.

3. We will not have the power to hire or fire Franchisee's employees, and except as herein expressly provided, we may not control or have access to Franchisee's funds or the expenditures thereof, or in any other way exercise dominion or control over the Franchised Business.

### **B. Indemnification.**

1. It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we will in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in Franchisee's conduct of the Franchised Business, or any claim or judgment arising therefrom against us. Franchisee agrees at all times to defend at its own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our parents, subsidiaries, affiliates, successors, assigns and designees, and the respective directors, officers, employees, agents, shareholders, members, designees, and representatives of each (we and all other hereinafter referred to collectively as "Indemnitees") from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based on any of the following: Franchisee's alleged infringement or any other violation or any other alleged violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; Franchisee's alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by Franchisee; Franchisee's alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; latent or other defects in the Franchised Business, whether or not discoverable by us or Franchisee; the inaccuracy, lack of authenticity or nondisclosure of any information to any customer of the Franchised Business; any products or services provided by Franchisee at, from



or related to the operation at the Franchised Business; or any action by any customer of the Franchised Business.

2. The indemnification obligations of Franchisee will survive the expiration, termination or non-renewal of the Franchise for as long as any potential for liability under any applicable law, rule, ordinance, statute or judicial decision remains. In this regard, to the maximum extent permitted by law, Franchisee waives the effect of any statute of limitation which would, by lapse of time, limit its indemnification obligations.

**C. No False Representations.** Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and Franchisee is other than that of franchisor and franchisee. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by Franchisee which are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business franchised hereby.

## **XVIII. APPROVALS, WAIVERS, AND ATTORNEYS' FEES**

**A. Written Consent.** Whenever this Agreement requires our prior approval or consent, Franchisee will make a timely written request to us therefore and such approval or consent will be obtained in writing. If Franchisee fails to obtain our consent as required under this Agreement, we will incur certain damages and costs that are not readily ascertainable. Therefore, in lieu of or as a cure for a notice of default for Franchisee's failure to obtain our consent, Franchisee will pay the sum of \$10,000, as liquidated damages and not as a penalty, immediately on receipt of demand from us. Franchisee agrees that the amount established in this Section XVIII.A is reasonable under the circumstances existing when this Agreement was entered, is due and payable regardless of whether we later grant our consent for the action, and is in addition to any other rights or remedies available to us at law or in equity.

**B. No Waiver.** No failure of us to exercise any power reserved to it by this Agreement, or to insist on strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of our right to demand exact compliance with any of the terms herein. Waiver by us of any particular default by Franchisee will not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor will any delay, forbearance or omission of ours relating to the exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor will such constitute a waiver by us of any right hereunder or the right to declare any subsequent breach or default and to terminate the Franchise prior to the expiration of its term. Subsequent acceptance by us of any payments due to it hereunder will not be deemed to be a waiver by us of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**C. Waiver to Jury Trial.** Except as otherwise expressly prohibited by applicable state law or regulation, Franchisee hereby waives any right to a jury trial with respect to this Agreement and/or any matters arising hereunder.

**D. Attorneys' Fees.** If any arbitration or other legal action is necessary concerning this Agreement, any related agreement, the Franchise or the Franchised Business, the party which substantially prevails in that arbitration or action will be entitled to a judgment against the other party for the costs of the arbitration or action, including reasonable attorneys' fees, reasonable expenses of arbitration or litigation, and arbitration or court costs.

## **XIX. NOTICES**

All notices or communications permitted or required by this Agreement will be in writing. Notices to us will be sent to our address as stated on the first page of this Agreement or to any other address that we may specify by written notice. Notices to Franchisee will be sent to the address of the Franchised Business as stated in Attachment 1 or any other address that Franchisee may specify by written notice. A notice will be deemed to have been delivered if: a) by certified or other receipted mail, on receipt; b) delivered by overnight courier, the next business day after deposited with such courier, charges prepaid; c) mailed, 3 days after deposited in the United States mail, postage prepaid; d) hand-delivered, on delivery against receipt or on refusal to accept the notice; e) faxed, on delivery during recipient's business hours; otherwise, the next business day; or f) by email, on delivery if sent to the address that the other party has on file by notice from the recipient during the recipient's business hours; otherwise, the next business day. A party is not required to use more than one method and may choose any method of giving notice.

## **XX. RELEASE OF PRIOR CLAIMS**

By executing this Agreement, Franchisee, individually and on behalf of Franchisee's heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated legal entities, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state, country, dominion, province or territory thereof. Notwithstanding the foregoing, nothing in this section is intended to disclaim any representation made in our Franchise Disclosure Document.

## **XXI. DISCLOSURE STATEMENT AND DISCLAIMER**

**A. Compliance with Applicable Laws.** Franchisee acknowledges, by its signature hereto, that it received from us a Franchise Disclosure Document for the State in which the Franchised Business will be located, or Franchisee's place of residence, as appropriate, at least 10 business days prior to the execution of this Agreement.

**B. Receipt of Agreement.** Franchisee acknowledges that it received from us this Agreement with all blanks filled in at least 5 business days prior to the execution of this Agreement. Franchisee represents that it has read this Agreement in its entirety and that it has been given the opportunity to clarify any provisions that it did not understand and to consult with an attorney or other professional advisor. Franchisee further represents that it understands the terms, conditions and obligations of this Agreement and agrees to be bound thereby.

**C. Acknowledgment.** Franchisee acknowledges and accepts the following:

**THE SUCCESS OF FRANCHISEE IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, FRANCHISEE'S INDEPENDENT BUSINESS ABILITY. WE HAVE PROVIDED NO DATA AND MADE NO STATEMENTS WHICH WOULD EXPRESS, IMPLY OR SUGGEST THAT OUR ACCEPTANCE OF A SITE SELECTED BY FRANCHISEE IS ANY GUARANTY OF THE EVENTUAL PERFORMANCE OF THE FRANCHISED BUSINESS AT THE SITE. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE FRANCHISED BUSINESS RESTS SOLELY WITH FRANCHISEE. WHEN OUR CONSENT IS REQUIRED FOR FRANCHISEE'S ACTIONS UNDER THIS AGREEMENT, THE GIVING OF OUR CONSENT WILL NOT CREATE ANY SPECIAL LIABILITY OR DUTY ON OUR PART. FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION BY US, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE FRANCHISED BUSINESS. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT. WE HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, TO FRANCHISEE AS TO THE POTENTIAL REVENUE, PROFITS OR SERVICES OF THE FRANCHISED BUSINESS, AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER THE FRANCHISED BUSINESS. FRANCHISEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.**

## **XXII. ENTIRE AGREEMENT**

This Agreement, the documents referred to herein and the attachments hereto, if any, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof, and supersede all prior written or oral agreements or representations made with or to you, except the representations made to you in our Franchise Disclosure Document.

## **XXIII. SEVERABILITY AND CONSTRUCTION**

**A. Severability.** Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement will be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect on, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions will be deemed not to be a part of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate the Franchise.

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

**C. Captions.** All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions will be deemed to affect the meaning or construction of any provision hereof.

**D. References.** All references herein to the masculine, neuter or singular will be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Franchisee will be deemed jointly and severally undertaken by all of the parties executing this Agreement in his individual capacity on behalf of Franchisee. This Agreement may be executed in one or more originals, each of which will be deemed an original.

**E. Definition of Franchisee.** As used in this Agreement, the term “Franchisee” will include all persons who succeed to the interest of the original Franchisee by transfer or operation of law and will be deemed to include not only the individual or entity defined as the “Franchisee” in the introductory paragraph of this Agreement, but will also include all officers, directors, shareholders, members, partners or other owners of the legal entity that executes this Agreement. By their signatures in Attachment 5, all officers, directors, shareholders, members, partners and other owners of the legal entity that sign this Agreement as Franchisee acknowledge and accept the duties and obligations imposed on each of them, individually, by the terms of this Agreement.

**F. Force Majeure.** If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, war, explosion, unavoidable calamity, pandemic, or other act of God (a “Force Majeure”), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship on any party, all parties will be excused from their respective obligations hereunder for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement will continue in full force and effect.

## **XXIV. APPLICABLE LAW**

**A. Governing Law.** This Agreement takes effect on its acceptance and execution by us. Except as otherwise expressly provided by applicable state law or regulation, this Agreement will be interpreted and construed under the laws of the State of Florida, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

**B. Jurisdiction and Venue.** Except as otherwise expressly provided by applicable state law or regulation, and except for disputes and claims subject to the provisions of Section XXV, the parties agree that any action brought by either party against the other will be brought in the state or federal court with subject matter jurisdiction nearest to our headquarters office at the

time, and, except as otherwise expressly prohibited by applicable state law or regulation, the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**C. Remedy.** No right or remedy conferred on or reserved by us or Franchisee by this Agreement is intended and it will not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy will be cumulative of every other right or remedy.

**D. Injunctive Relief.** Nothing herein contained will bar our right to obtain injunctive relief against threatened conduct that will cause it loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

## **XXV. MEDIATION AND ARBITRATION; LITIGATION**

**A. Mediation.** During the term of this Agreement, certain disputes may arise that we and Franchisee are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, we and Franchisee agree to submit to mediation any claim, controversy or dispute between us or any of our affiliates (and their respective owners, officers, directors, agents, representatives and/or employees) and Franchisee (and its owners, agents, officers, directors, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between us and Franchisee, (b) our relationship with Franchisee, or (c) the validity of this Agreement or any other agreement between us and Franchisee, before either of us may file an arbitration proceeding under Section XXV.B as it relates to any claim, controversy or dispute. The mediation will be conducted in the city or county in which our headquarters office is located at the time (subject to state law) by a mediator that we and Franchisee mutually select from the then-current panel approved by the American Arbitration Association (“AAA”), or as we and Franchisee otherwise agree. In the event we and Franchisee are unable to reach agreement on a mediator within 15 days after either party has notified the other of a desire to seek mediation, we and Franchisee agree that the mediator may be selected by the AAA based on its standard selection criteria. The costs and expenses of the mediation, including the mediator’s compensation and expenses (but excluding attorneys’ fees incurred by each party individually), shall be borne by the parties equally.

**B. Arbitration.** Except as specifically provided in this Agreement, the parties agree that any and all disputes between them and any claim by either party that cannot be amicably settled or resolved by mediation will be determined solely and exclusively by arbitration pursuant to the rules of the American Arbitration Association. The Arbitrator will hear the dispute in the city or county in which our headquarters office is located at the time, or at such other location as may be stipulated by us. The Arbitrator may properly consider any and all matters related thereto that would be admissible in a non-jury trial. The Arbitrator’s award will be announced within 7 days of the hearing of the dispute and will include all fees, costs and legal fees to the prevailing party. Judgment on the award of the Arbitrator will be binding, and will be entered in a court of competent jurisdiction. Franchisee knows, understands and agrees that it is the intent of the parties that any arbitration between us and Franchisee will be of Franchisee’s individual claims and that the claims subject to arbitration will not be arbitrated on a class-wide basis.

**C. Litigation.** Notwithstanding any provision contained in this Section XXV, we may, at our sole option, institute an action or actions in court for temporary, preliminary, or permanent injunctive relief or seeking any other equitable relief against Franchisee, in addition to any other rights and remedies provided herein. Except as otherwise expressly prohibited by state law or regulation, in no event will Franchisee be entitled to make, Franchisee will not make, and Franchisee hereby waives, any claim for money damages by way of set off, counterclaim, defense or otherwise based on any claim or assertion by Franchisee that we have unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any of the terms of this Agreement. Franchisee's sole remedy for any such claim will be an action or proceeding to enforce any such provisions, for specific performance or declaratory judgment.

## **XXVI. ACKNOWLEDGMENTS**

Franchisee acknowledges that it has conducted an independent investigation of all aspects relating to the Franchised Business, that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent on its own skills and ability as an independent business person or organization. Franchisee acknowledges that we have not guaranteed that Franchisee will derive income from the Franchised Business which exceeds the price paid for the Franchise or the Franchised Business, that we will refund all or part of the price paid for the Franchise if Franchisee is dissatisfied with the Franchise or the Franchised Business, or that we will repurchase any of the products, equipment, supplies or goods supplied by us if Franchisee is dissatisfied with the Franchise or the Franchised Business. Franchisee further acknowledges that it has received, read and understands this Agreement, the attachments hereto and agreements relating thereto, and that we have accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

{Signatures on next page}

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

**FRANCHISOR:**

SEASON 2 FRANCHISING LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment 1**

**BUSINESS DEVELOPMENT & TERRITORY ADDENDUM**

This Addendum is entered into between Season 2 Franchising LLC, a Florida limited liability company whose principal place of business is 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401 (“we,” “us” or “our”) and \_\_\_\_\_ (“Franchisee”) as of \_\_\_\_\_.

WHEREAS, we and Franchisee have contemporaneously herewith entered into a franchise agreement (“Agreement”), and this Addendum is attached to and made an integral part of the Agreement.

WHEREAS, we have developed significant innovation and a competitive niche in our industry by assembling a deeply experienced in-house Season 2 business development and design team (“Facilities Development Team”), and to help ensure that all Season 2 businesses meet our facility standards and specifications, the Facilities Development Team provides business development assistance.

NOW, THEREFORE, the parties agree as follows:

1. Franchisee has not yet located a site, so the Assigned Area under Section I.B is:

\_\_\_\_\_  
\_\_\_\_\_

INITIALS: FRANCHISOR \_\_\_\_\_  
FRANCHISEE \_\_\_\_\_

2. The Protected Territory\* under Section I.B is:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\* If no Protected Territory is specified, then the Protected Territory is limited to the accepted site specified in this Attachment 1. Otherwise, all boundary lines will be deemed to constitute a line of demarcation up to the middle of the specific boundary line (e.g., a boundary line designated as a street will denote a boundary down the middle of each street and up to the middle of the street). Only the inner sides of each boundary street are part of the Protected Territory where 2 streets meet. The Protected Territory may be modified on transfer or renewal.

INITIALS: FRANCHISOR \_\_\_\_\_  
FRANCHISEE \_\_\_\_\_



3. The Designated Trade Area under Section I.C is:

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INITIALS: FRANCHISOR \_\_\_\_\_  
FRANCHISEE \_\_\_\_\_

4. The Facilities Development Team will consult with Franchisee to: identify sites that may meet our site selection criteria; evaluate proposed sites for the Season 2 business; prepare preliminary space plans to determine whether the proposed sites comply with our standards; and conduct efficiency analysis and comparison to our established usage standards. Franchisee hereby submits the following proposed site(s) for our acceptance.

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Date \_\_\_\_\_ Franchisee's Initials \_\_\_\_\_

5. The accepted site under Section I.C is:

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---

Date \_\_\_\_\_ Franchisor's Initials \_\_\_\_\_

6. Franchisee hereby submits the lease:

Date \_\_\_\_\_ Franchisee's Initials \_\_\_\_\_

7. We hereby accept the lease:

Date \_\_\_\_\_ Franchisor's Initials \_\_\_\_\_

8. Franchisee has delivered, and we have received, a fully-executed copy of the lease, including a fully-executed lease rider acceptable to us:

Date \_\_\_\_\_ Franchisor's Initials \_\_\_\_\_

9. The Facilities Development Team will provide standard plans and specifications for the build-out, internal layout, signage, fixtures and furniture for a Franchised Business. The

Facilities Development Team will assist Franchisee in selecting a local architect. The selected architect must be approved by us and will be responsible for providing a general review for code compliance, and circulate Franchisee's materials to pre-qualified contractors for preliminary pricing. The Facilities Development Team will assist Franchisee and the local architect in reviewing preliminary construction estimates in order to bring them into compliance with our estimates on what is appropriate given local construction, material and finish cost variations. Franchisee hereby submits the following local architect for our approval:

\_\_\_\_\_

Date \_\_\_\_\_

Franchisor's Initials \_\_\_\_\_

10. Franchisee's local architect and engineers will be solely responsible for preparing final construction documents and building plans for Franchisee's Season 2 business, ensuring such plans conform to all applicable codes, building standards and other regulations, and soliciting construction bids based on their final documents. Such final construction documents and building plans, along with changes, must be based on the Season 2 business Design Plans and approved by us, prior to the commencement of any construction on the project, the execution of any construction contract or, to the extent possible, prior to submittal for any applicable permits. The Facilities Development Team must approve Franchisee's final construction plans and specifications in writing before construction begins. Franchisee hereby submits final construction plans:

Date \_\_\_\_\_

Franchisor's Initials \_\_\_\_\_

11. Franchisee hereby submits the following local engineer for our approval:

\_\_\_\_\_

Date \_\_\_\_\_

Franchisor's Initials \_\_\_\_\_

12. Franchisee hereby submits the following local contractor for our approval:

\_\_\_\_\_

Date \_\_\_\_\_

Franchisor's Initials \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum as of the day and year first above written.

**FRANCHISOR:**

SEASON 2 FRANCHISING LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_



### **Attachment 3**

#### **TRANSFER OF SERVICE CONSENT & AUTHORIZATION**

If my Franchise is transferred, terminated, expires or is not renewed for any reason, I hereby irrevocably appoint and designate Season 2 Franchising LLC as my attorney-in-fact to: 1) direct any telephone company to change, transfer and/or terminate any and all listed telephone numbers used in conjunction with the Franchised Business, and 2) direct any internet service provider or comparable internet authority to change, transfer and/or terminate any email addresses, domain names or other comparable electronic identities relating to the Franchise.

I also hereby agree that Season 2 Franchising LLC may execute any legal document on my behalf to carry out the intent of this consent and authorization.

#### **FRANCHISEE:**

\_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

#### **{FOR USE BY NEW CUSTOMER ONLY}**

**I hereby assume and agree to pay all charges outstanding on the following telephone number(s):**

\_\_\_\_\_

**or the following domain name(s):**

\_\_\_\_\_

**or the following email address(es):**

\_\_\_\_\_

\_\_\_\_\_  
New Customer's Signature

\_\_\_\_\_  
Printed Name of New Customer

**Attachment 4**

**LEGAL ENTITY INFORMATION SHEET**

**Legal Entity Name/Type:** \_\_\_\_\_

**State/Date of Formation:** \_\_\_\_\_

**Shareholders/Partners/Members:**

_____ % Interest	_____ Class/General or Limited Partner	_____ Printed Name
_____ % Interest	_____ Class/General or Limited Partner	_____ Printed Name
_____ % Interest	_____ Class/General or Limited Partner	_____ Printed Name
_____ % Interest	_____ Class/General or Limited Partner	_____ Printed Name
_____ % Interest	_____ Class/General or Limited Partner	_____ Printed Name

**Documents:**

	<u>Not Required</u>	<u>Already provided to us</u>	<u>To be provided to us within 30 days</u>
Certificate and Articles of Incorporation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Agreement of Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Certificate and Agreement of Membership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
By-Laws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Articles of Partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Operating Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution Authorizing Franchise Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Conditions:**

**Yes**

The legal entity's activities must be confined exclusively to operating the Franchise.

☐

---

(or another person with our written consent) must act as the legal entity's principal operating officer, partner or member.

☐

The legal entity must maintain stop transfer instructions against transfer and evidence of ownership (each certificate of stock, membership or interest) must include the required statement.

☐

Each shareholder, partner or member who has a 5% or more interest must sign the Guaranty Agreement.

☐

The legal entity must maintain a current list of all shareholders, partners or members and other beneficial owners, and must furnish the list to us on request.

☐

## **Attachment 5**

### **GUARANTY AGREEMENT**

In consideration of and as an inducement to the execution of the Franchise Agreement dated \_\_\_\_\_ (“Agreement”) between \_\_\_\_\_ (“Franchisee”) and Season 2 Franchising LLC (“Franchisor”), each undersigned personally and unconditionally: (i) guarantees to Franchisor and its successors and assigns, for the term of the Franchise and thereafter as provided in the Agreement, that Franchisee will punctually pay or perform each obligation in the Agreement; and (ii) agrees to be personally bound by, and personally liable for the default of, each term of the Agreement.

Each of the undersigned waives:

- (1) acceptance and notice of acceptance of these undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed;
- (3) protest and notice of default to any party as to any indebtedness or nonperformance of any obligation guaranteed;
- (4) any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition of liability;
- (5) any other notices and legal or equitable defenses to which the undersigned may be entitled; and
- (6) any modification, waiver or changes to the Agreement or any related agreements.

Each of the undersigned agrees that:

- (1) his or her direct and immediate liability under this guaranty is joint and several;
- (2) he or she will render any payment or performance required under the Agreement on demand if Franchisee fails or refuses to do so when due, or within any applicable cure period;
- (3) his or her liability will not be contingent or conditioned on pursuit by Franchisor of any remedies against Franchisee or any other person;
- (4) his or her liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may grant to Franchisee or any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claim, none of which will in any



way modify or amend this guaranty, which will be continuing and irrevocable for as long as any obligation of Franchisee remains in effect under the Agreement;

- (5) in a legal action for breach of this guaranty or to enforce the terms of this guaranty, whether for damages, injunctive relief, the return of property or any other legal or equitable remedy, he or she will pay Franchisor’s reasonable attorneys’ fees, court costs and reasonable out-of-pocket expenses related to the action if Franchisor substantially prevails in the action;
- (6) he or she waives, and assigns to Franchisor, all exemptions which he or she may have under any law as against any obligation in this guaranty; and
- (7) any action brought by him or her or by Franchisor relating to this guaranty will be resolved in accordance with Section XXIV (“Applicable Law”) and XXV (“Mediation and Arbitration; Litigation”) of the Agreement.

Each of the undersigned affixes his or her signature to this guaranty as of the same date as the date of execution of the Agreement.

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Email: \_\_\_\_\_

## **Attachment 6**

### **SPOUSAL CONSENT**

In consideration of, and as an inducement to, the signing by Season 2 Franchising LLC (“we”, “us” or “our”) of the franchise agreement dated \_\_\_\_\_ (“Agreement”) with \_\_\_\_\_ (“Franchisee”) \_\_\_\_\_ being the spouse of {FRANCHISEE OR GUARANTOR} hereby acknowledge that I have read the foregoing Agreement and Guaranty Agreement and that I understand its contents. I hereby approve of the provisions of the Agreement and Guaranty Agreement, and further agree that I will be bound by the restrictions and covenants.

Executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Spouse

Printed Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

## **Attachment 7**

### **LEASE RIDER**

This Lease Rider is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between Season 2 Franchising LLC (“Franchisor”), {Name} (“Franchisee”), and \_\_\_\_\_ (“Landlord”).

WHEREAS, Franchisor and Franchisee are parties to a certain Franchise Agreement dated {Date} (the “Franchise Agreement”);

WHEREAS, Franchisee and Landlord desire to enter into a lease (the “Lease”) pursuant to which Franchisee will occupy the premises at \_\_\_\_\_ (“Leased Premises”) for the operation of a Season 2 business (the “Franchised Business”) under the Franchise Agreement; and

WHEREAS, as a condition to entering into the Lease, Franchisee is required under the Franchise Agreement to execute this Lease Rider along with the Landlord and Franchisor;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth herein and in the Franchise Agreement, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties agree as follows:

(1) During the term of the Franchise Agreement, the Leased Premises will be used only for the operation of the Franchised Business.

(2) Landlord consents to Franchisee’s use of such Marks (“Marks”) and proposed signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications and related components of the System (as required by the Franchise Agreement and as we may prescribe for the Franchised Business).

(3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Leased Premises at the same time that such letters and notices are sent to Franchisee. Copies of such letters and notices shall be sent to Franchisor at the following mailing address or email address: Season 2 Franchising LLC, Attention: Erika Schrieber, CEO, 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401 or [franchise@season2consign.com](mailto:franchise@season2consign.com). Upon written notice to Landlord, Franchisor may designate a different mailing address or email address for purposes of this paragraph.

(4) We will have the right to enter the Leased Premises, at any time, to make any modification or alteration necessary to protect the System and the Marks, pursuant to an order of a court with applicable jurisdiction, without being guilty of trespass or any other crime or tort, and the Landlord will not be responsible for any expense or damages arising from our action in connection therewith.

(5) In the event of Franchisee’s material default of the terms of the Lease, Landlord will promptly deliver notice of such material default to Franchisee and Franchisor, and will offer Franchisor the opportunity to cure the material default and to assume the lease in Franchisor’s name at such time as Landlord gains rightful control of the Leased Premises. If we elect to cure the material default and assume the Lease, Franchisor, within 10 Business Days after its receipt of notice from Landlord, will notify Landlord of its intent to cure such material default and to assume the Lease. If

we elect to cure the material default, it will cure the material default within 30 days after such election or, if the material default cannot be reasonably cured within such 30 day period, then we will commence and proceed to cure the material default within such time as is reasonably necessary to cure the material default. If we elect to assume the Lease, Landlord agrees to recognize Franchisor as the Tenant under the Lease and Franchisee will no longer have any rights thereunder.

(6) Franchisee will be permitted to assign the Lease to Franchisor or an affiliate of Franchisor on the expiration or rightful termination of the Franchise Agreement, and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that we are not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

(7) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by we will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate will assume Franchisee's occupancy rights, and the right to sublease the Leased Premises consistent with Franchisee's sublease rights, for the remainder of the term of the Lease.

(8) Notwithstanding anything contained in this Lease, we are expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Leased Premises, to an authorized franchisee of Franchisor. If we elect to assign the Lease, the subtenant/franchisee will expressly assume all of Franchisor's obligations under the Lease, and Franchisor, if subtenant/franchisee is approved by Landlord, will be released of all obligations to Landlord under the Lease as of the date of assignment, except as to any portion of the Leased Premised that is not subleased. If we elect to sublet the premises, such subletting will be subject to the terms of this Lease, and the subtenant/franchisee will expressly assume all of Franchisor's obligations under the Lease.

(9) During the term of the Franchise Agreement, Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Neither Landlord nor Franchisee will amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(11) The terms of this Lease Rider will supersede any conflicting terms of the Lease.

{Signatures on next page}

IN WITNESS WHEREOF, the parties have executed this Lease Rider as of the date first above written.

SEASON 2 FRANCHISING LLC

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

{NAME}

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

LANDLORD:

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

## **Attachment 8**

### **INTERNET POLICIES & PROCEDURES AGREEMENT**

This INTERNET POLICIES & PROCEDURES AGREEMENT (“Agreement”) is entered into by and between Season 2 Franchising LLC, a Florida limited liability company whose principal place of business is 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401 (“we”, “us” or “our”) and \_\_\_\_\_ having an address of \_\_\_\_\_ (“you”).

1. Our Website. We may, but are not required to, maintain a corporate website on the internet (“Our Website”) to advertise and promote our franchise system and the products and services marketed by us and by our franchisees. The content of Our Website is at our sole discretion and under our sole control.

2. Intranet; Newsgroups; Bulletin Boards. In addition to Our Website, we may establish a private intranet area, newsgroups or bulletin boards for our Franchisees that can be accessed only by means of user names and passwords. If established, we intend to provide support to our Franchisees through this intranet, and private newsgroups will allow for a dynamic means of electronic communication among Franchisees. Our intranet and these newsgroups are intended to be accessible only to us and our Franchisees and are not intended to be accessible to the general public. We may monitor the newsgroups and any e-mail sent, uploaded or accessed using the user name and password referred to in Section 3. We will remove any content that does not comply with our Internet Code of Conduct. We may terminate or suspend your access to our intranet and the newsgroups without terminating this Agreement.

3. Passwords & Confidentiality. You will receive a user name and passwords for utilizing our intranet, if established. We may change your passwords periodically after giving you prior notice. We may change your passwords without notice if an alleged compromise exists. You agree not to disclose your password to any person or entity who is not under your direct supervision and who does not have a need to know such password. You agree to inform all persons under your supervision who may have access to such password of this obligation of confidentiality and you agree to indemnify and hold us harmless for any breach of confidentiality by such persons. You are responsible for the employees to whom you distribute passwords. You must refrain from allowing access to our intranet by any unauthorized party.

4. Your Website. We must approve any website (or equivalent electronic advertising) that utilizes the Marks before publication. If we establish Our Website, we may prepare and post a designated area on Our Website for the purpose of promoting your franchised business (“Your Website”). Your Website will be accessible without charge to anyone with access to the internet. You may not maintain another website without our prior approval.

(a) Intellectual Property Rights. If a third party owns any copyright, trademark or other intellectual property right which relates or pertains to any part of any content you deliver to us for posting, you must obtain all necessary rights or licenses, at your sole cost and expense, so that our rights in and to such content will be no less than if such intellectual property right belonged

to you and were licensed to us pursuant to Section 7 hereof. To post a site that you develop or to move an existing site to Our Website, you must submit the HTML code to us to facilitate the development of Your Website.

(b) Customized E-Commerce Services. We intend to make various e-commerce services available to you for additional fees. We will periodically notify you, by posting on our intranet or otherwise publishing a list, of available e-commerce services, together with the applicable fee schedule.

(c) Approval & Posting of Your Website. We will either submit to you a hard copy printout of your customized Website or make such Website accessible to you in an unpublicized portion of the internet for your approval before we post Your Website in a public fashion on Our Website. We do not make any representation regarding the time it will take to post or to modify your customized Website. We will not post your customized Website in a public fashion on Our Website until you have given us approval. You agree to review Your Website and, within a reasonable time, either to inform us of reasonable changes you would like to make or to inform us in writing of your approval, which approval you will not unreasonably withhold. Once Your Website has been posted, we may ask you to verify the content of Your Website at any time, for accuracy or otherwise, and you agree to promptly respond to any such request either in writing or by e-mail.

(d) Advertising. We own all right, title and interest in and to all advertising space in Your Website. We may advertise and promote Your Website as part of our promotion of Our Website. We may also advertise and promote Your Website without your prior approval of any such advertising or promotion. Within Your Website, we may include any advertising or promotion of and links to sites of any third parties that we deem desirable, as well as any other materials we deem appropriate.

(e) Links. We may, but are not required to, link Your Website to any other approved website that you maintain in your capacity as our Franchisee or any other website that lists your business. We may condition such linking on the linking of such sites back to Our Website. We may request at any time that you remove such links back to Our Website and you agree to promptly comply with any such request. Any such linked sites will be subject to the license described in Section 7 and the covenants and indemnity described elsewhere in this Agreement. We will have no duties, obligations or other commitments of any kind with respect to any of your linked sites outside of Our Website. You agree to notify us of any website known to you that features or lists you in your capacity as a Franchisee and to notify us of any new sites as they periodically list you.

(f) General. Your Website will not have a separate domain name of its own but will be a subdirectory under our domain name. We may modify the format of Your Website periodically without prior notice to you. We intend to make any changes that are required by law promptly. We intend to make all other requested changes when we update Your Website, which need not be more than once a year. All modifications, design work and HTML coding we do will be a derivative work, owned by us. As such, we will have the right to post a copyright notice in our name on all pages in Your Website. You may make one print copy of Your Website for your internal use. Any other copying, redistribution, retransmission or publication of any downloaded material is prohibited without our express prior written consent.

5. Computer Hardware & Software. You affirm that you have acquired and will maintain the necessary computer hardware and software to meet or exceed our stated minimum requirements for e-commerce initiatives. You must install a virus detector on all of your computer workstations and you must take all reasonable and necessary steps to ensure that all transmissions are free of viruses. We will maintain a virus scanner on the host system at all times. You must not use or distribute unlicensed software or data. You understand that we do not provide technical support for computer hardware, internet network systems and/or operating systems.

6. Policies & Procedures; Code of Conduct. Our intranet is an internet-based data communications network service designed for the exclusive use of authorized participants. You must be a registered user in order to participate. We may revoke all of your rights and privileges of access at any time for any reason if deemed necessary to protect our system. You affirm that you have read this agreement and specifically understand and agree to the requirements, prohibitions and obligations stated herein. Your participation is intended as a business tool, and your conduct is governed by our Internet Code of Conduct, which we may modify or delete, in whole or part, without prior notice, as we deem necessary to accomplish our business goals. You will be notified of any changes that we make to our Internet Code of Conduct. You hereby covenant that you will comply in all respects with the Internet Code of Conduct.

(a) No Infringing Materials. In your capacity as a Franchisee, you agree that you are prohibited from creating, reproducing, distributing, transmitting, creating derivative works of, or publicly displaying or performing, any communication, data, file, image, graphics, video clip, audio clip or software in, through or on the internet that might infringe on or violate the property rights of others, including any of the following types of property belonging to a person or entity other than us when such person or entity has not given his, her or its prior written consent or license: (1) any text, images, graphics, video clip, audio clip or software protected by copyright or patent law; (2) trade secrets or other confidential proprietary information; and (3) trademarks or service marks.

(b) E-Mail Guidelines. The following guidelines apply to your electronic mail communication in your capacity as a Franchisee: (1) Keep e-mail messages brief (one screen in length) and informal. Attach lengthy text as an attachment. (2) Do not overload recipients with unwanted e-mail. (3) Whenever you send email to persons other than us, indicate in your e-mail that your Franchise is an independently owned and operated business. (4) Remember that you are viewed as a representative of the Season 2 system and conduct yourself in a way that increases the goodwill of the Season 2 system, both for your benefit and for the benefit of all Season 2 franchisees.

(c) General Prohibitions. If you receive a message or data of the nature described below, you are encouraged to mail a copy of the message/data to us for proper investigation and disposition. You cannot create, transmit, view, retrieve, maintain or store any electronic communication, data, file, image, graphics, video clip, audio clip, or software in or through Your Website or anywhere on the internet in your capacity as a Franchisee, whether it is intended in a serious manner or as a joke or satire or is otherwise not intended to be taken seriously, that is: (1) a virus, worm, "Trojan horse" or any other harmful, contaminating, destructive or disruptive element; (2) illegal or solicits the performance of any illegal activity, including but not limited to gambling; securities law violations or anticompetitive activities, such as price fixing,



boycotting of suppliers or allocating markets; (3) discriminatory, such as referring in a negative manner to an individual's race, age, disability, religion, national origin, physical attributes or sexual preference; (4) profane, indecent, obscene, pornographic or otherwise containing sexual content or innuendo; offensive, harassing, abusive, intimidating, threatening, derogatory, libelous, defamatory, rude, imprecating, hateful or inflammatory; (5) private or personal matters concerning any person, including a password, credit card number, social security number, PIN or scanned copy of anyone's signature, without permission of the person; (6) a political message, charity request or petition for signatures; (7); a testimonial or name or picture of any person for the purpose of advertising or promotion without that person's written permission; (8) a chain letter or other message relating to pyramid schemes; or (9) inaccurate, derogatory, libelous or defamatory relating to our employees, proprietors, business practices, procedures or policies or any other content contrary to our interests or disclosing our confidential, sensitive or proprietary information, including but not limited to our Manuals, business plans, customer lists, unpublished financial information and the like.

7. Your Grant to Us. You hereby grant us a worldwide, perpetual license, without charge or payment of a royalty, to reproduce, distribute, transmit, create derivative works of, publicly display and publicly perform all materials and information you submit to us for posting in Your Website and all materials and information you submit to our intranet or newsgroups described in this Agreement, by all means and in any media now known or hereafter developed, including but not limited to the right to use such materials and information that we deem appropriate on similar Websites of our other Franchisees; and use your name and any likeness of you that you submit to us for posting in Your Website or that you submit to us in connection with all advertising, marketing and promotional materials related to Our Website or Your Website; and sublicense and to authorize third parties to do any, all or some of the things that we are permitted to do pursuant to this Agreement.

8. Limitation on Liability. The products and services provided by us pursuant to this Agreement are provided on an "as is" basis. We make no representation or warranty, express or implied, relating to the products or services provided by us pursuant to this Agreement, including any implied warranty of merchantability or fitness for a particular purpose, any implied warranty of title, and any implied warranty arising from course of dealing or course of performance. Without limiting the generality of the foregoing, we specifically disclaim any warranty regarding the efficacy of any promotion of the Franchised Business by means of Our Website or Your Website and any representation or warranty against infringement, express or implied. In no event will we, our owners, directors or officers, be liable to you for any indirect, incidental, consequential, punitive, special or other similar damages (including any damages for loss of information, lost profits, or business interruption) arising from or in any way related to the use of or inability to use Our Website or Your Website, any delay or failure to post Your Website or to make any update or modification you request, or any other event related to this Agreement, even if we or our authorized representative has been informed, is aware or should have been aware of the possibility of such damages.

9. Security, Privacy & Cyberspace Jurisdiction. While we will endeavor to maintain the security of Your Website and will endeavor to act promptly in the event of a security breach, we will not be liable to you in the event of any such breach, whether it results in a modification of Your Website or the shutdown of all or part of Our Website or Your Website. You understand that unauthorized persons may gain access to our intranet, Our Website or Your Website. You

specifically understand that you have no expectation of privacy with respect to any e-mail or other data or transmission created, transmitted, retrieved or stored through our intranet or otherwise communicated to or from us. We may access, review and monitor all such transmissions, e-mail and data, at any time, for any reason, without prior notice. All information, data, images and messages contained in and/or created through Our Website are our property. Any unauthorized use, duplication, viewing or transmission of these materials, without our written consent, is strictly prohibited. Access to and use of our intranet constitutes agreement to this notice. You understand that laws regarding internet advertising and jurisdiction are uncertain and evolving and that the posting of Your Website pursuant to this Agreement may expose you to unexpected material, adverse consequences, including but not limited to liability to legal claims and to jurisdiction in remote locations worldwide. We will not be liable for any such adverse consequence.

10. Dispute Resolution. All disputes arising out of or relating to this Agreement or the products or services delivered or rendered under this Agreement, or a breach of this Agreement, that cannot be settled amicably, will be resolved by arbitration in the city or county in which our headquarters office is located at the time before 1 neutral arbitrator (who will be an attorney at law familiar with cyberspace law) and administered under the Commercial Arbitration Rules of the American Arbitration Association. Any provisional or equitable remedy that would be available from a court of law will be available from the arbitrator. Judgment on the award of the arbitrator may be enforced in any court having jurisdiction thereof. The parties consent to the non-exclusive jurisdiction of the federal and state courts with direct jurisdiction over the city or county in which our headquarters office is located at the time for any action (a) to compel arbitration, (b) to enforce the award of the arbitrator or (c) at any time before the qualification and appointment of the arbitrator, for temporary, interim or provisional equitable remedies. The parties further consent to service of process in any such action by certified mail, return receipt requested, or by any other means permitted by law.

11. Term and Termination. This Agreement is effective when signed and your Franchise Agreement is accepted by us. This Agreement will automatically terminate on termination of the Franchise granted in your Franchise Agreement. We will cancel your passwords and remove Your Website as soon as practicable after termination of the Franchise for any reason.

{Signatures on next page}

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

**FRANCHISOR:**

SEASON 2 FRANCHISING LLC

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachment 9**

**SBA ADDENDUM TO FRANCHISE AGREEMENT**



## ADDENDUM TO FRANCHISE <sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between SEASON 2 FRANCHISING LLC (“Franchisor”), located at 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

## COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 – 3733.

### Authorized Representative of FRANCHISOR:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

### Authorized Representative of FRANCHISEE:

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses “affiliation” between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**EXHIBIT C**

**FRANCHISE COMPLIANCE QUESTIONNAIRE**

## **FRANCHISE COMPLIANCE QUESTIONNAIRE**

**California, Illinois, Maryland, New York and Virginia franchisees should not complete or sign this Franchise Compliance Questionnaire, if you are a resident of, or plan to conduct franchised business in any of these states. If a franchisee in one of these states does so, we will disregard and not rely on the Franchise Compliance Questionnaire. Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.**

Season 2 Franchising LLC (“Franchisor”) and you are preparing to enter into a franchise agreement for the establishment and operation of a franchised Season 2 business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please understand that your responses to these questions are important to us and that we will rely on them. Please review each of the following questions and statements carefully, and provide an honest and complete response to each. By signing this Questionnaire, you are representing that you have responded truthfully to the following questions.

1. I had my first face-to-face meeting with a Season 2 representative on \_\_\_\_\_.

2. I received and personally reviewed the Season 2 Franchise Disclosure Document (“disclosure document”) that was provided to me.

Yes \_\_\_\_\_ No \_\_\_\_\_

3. Did you sign a receipt for the disclosure document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you understand all of the information in the disclosure document and any state-specific addendum to the disclosure document?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the disclosure document and/or any state-specific addendum do you not understand? (Attach additional pages, if necessary.)

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5. Have you received and personally reviewed the franchise agreement, any development agreement, and each addendum and related agreement attached to either of them?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Do you understand all of the information in the franchise agreement and each addendum and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the franchise agreement or any addendum or related agreement do you not understand? (Attach additional pages, if necessary.)

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7. Have you entered into any binding agreement with Franchisor for the purchase of the franchise rights before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Have you paid any money to Franchisor for the purchase of the franchise before today?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Have you discussed the benefits and risks of establishing and operating a franchised Season 2 business with your counsel or advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

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

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Do you understand that the success or failure of your Season 2 business depends in large part on your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

Except as disclosed in Item 19 of the disclosure document, Franchisor does not make information available to prospective franchisees concerning actual, average, projected or forecasted sales, profits or earnings. Franchisor does not furnish, or authorize its salespersons to furnish, any oral or written information concerning the actual, average, projected, forecasted sales, costs, income or profits of a franchised business. Franchisor specifically instructs its sales personnel, agents, employees and other officers that they are not permitted to make any claims or statements as to the earnings, sales, profits, prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a franchisee's operation. Actual results vary from franchise to franchise, and are dependent on a variety of internal and external factors, some of which neither Franchisor nor you can estimate. To ensure that Franchisor's policies have been followed, please answer the following questions:

11. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise to you regarding the total revenue a franchised Season 2 business will generate that is contrary to the information in the disclosure document?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise of the amount of money or profit you may earn in operating a franchised Season 2 business that is contrary to the information in the disclosure document?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise regarding the operating costs you may incur in operating a franchised Season 2 business that is contrary to the information in the disclosure document?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement or promise of the likelihood of success that you should or might expect to achieve from operating a franchised Season 2 business?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Has any employee of Franchisor, or any other person speaking for Franchisor, made any statement, promise or agreement of the advertising, marketing, training, support service or

assistance that Franchisor will furnish to you that is contrary to, or different from, the information in the disclosure document?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. If you have answered “Yes” to any 1 of questions 11-15, please provide a full explanation of each “Yes” answer. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of questions 11-15, please leave the following lines blank.

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17. I signed the franchise agreement and any addenda and attachments on \_\_\_\_\_, and acknowledge that no agreement or addendum is effective until signed and dated by Franchisor.

I certify that my answers to the foregoing questions are true, correct and complete.

\_\_\_\_\_  
Signature

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT D**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

## **CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

THIS AGREEMENT is entered into by \_\_\_\_\_  
\_\_\_\_\_ (“we, ” “us, ” or “our”), a franchisee of Season 2 Franchising LLC,  
 (“Season 2 Franchising”) and \_\_\_\_\_  
\_\_\_\_\_ (“you, ” “your” or “yourself”).

### **RECITALS**

- A. We desire to employ or engage you; and
- B. You desire to be employed or engaged by us, in connection with our Season 2 franchise business.

In consideration of the recitals above and the terms below, the parties agree:

1. Covenants Not to Disclose; Covenants Not to Compete. You agree that certain methods of doing business and other elements comprising the Season 2 system (the “System”) are distinctive and have been developed by Season 2 Franchising at great effort, skill, time and expense; that you will have regular and continuing access to valuable trade secrets, confidential information and valuable training regarding the Season 2 System; and that you recognize your obligation to promote and develop our Season 2 business. You accordingly agree as follows:

(a) Except as required in duties performed for us, you will never, either during or after the term of employment or engagement, either directly or indirectly, use, or disseminate or disclose to any person or entity, any trade secrets or confidential information related to the Season 2 System, including Customer names, other Customer information and business methods, and will always seek to preserve the confidentiality of those trade secrets and confidential information.

(b) During your employment or engagement, you will not, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, divert or attempt to divert any business or customer of ours to any competitor or other person by direct or indirect inducement or otherwise, but this Section will not prevent you from referring customers in good faith to other businesses, including competitors’ businesses, that may be able to provide those customers with products or services not available from our business.

(c) During your employment or engagement and for an uninterrupted period of 1 year after termination of your employment or engagement, regardless of the cause of termination, you will not, without our written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, employ or seek to employ, or engage or seek to engage as an independent contractor, any person who, within the preceding 12 months, has been an employee or independent contractor of ours, any other Season 2 franchisee or Season 2 Franchising (including its affiliates).

(d) During your employment or engagement, you will not, without our written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any

other person or entity, own, maintain, engage in, have any interest in or perform any service for any business other than us located in the United States that, offers or that franchises or licenses others to offer, products or services that are the same as or substantially similar to products and services offered by us.

(e) For 1 year after termination of your employment or engagement, regardless of the cause of termination, you will not, without our written consent, directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity, own, maintain, engage in, have any interest in or perform any service for any business that offers, or that franchises or licenses others to offer, products or services that are the same as or substantially similar to the products or services that were or could have been offered by us when you were employed or engaged, and that operates: (1) within our Territory, (2) within the Territory of any other franchisee's business operating or in planning at the time of termination or (3) within the Territory of any outlet operated by Season 2 Franchising.

2. You agree that we may, if we require in our discretion, reduce the scope of any term or subpart of any term in this Agreement without your consent, effective immediately on written notice from us, and you agree that you will promptly comply with any term or subpart so modified, that will be fully enforceable notwithstanding any other term or subpart of this Agreement.

3. Covenants As Independent and As Conditions Precedent to Employment or Engagement. Your covenants in Section 1 are independent of any other terms of this Agreement, and are conditions precedent to employment or engagement. Any claim or cause of action against us, whether predicated on this Agreement or otherwise, will not be a defense to the enforcement by us of the covenants in Section 1.

4. Covenants Concerning Company Property. You agree that all records related to our Season 2 franchise, including records of our customers and all other records relating in any manner to our Season 2 business, whether prepared by you or otherwise coming into your possession, are the exclusive property of Season 2 Franchising. Additionally, you agree that all files, records, documents, drawings, specifications and similar items for our Season 2 business, including all copies of those items, whether prepared by you or otherwise coming into your possession, will not be removed by you from our premises without our written consent. Any records not at our premises will immediately be returned to us by you on termination of your employment or engagement, regardless of the cause of termination.

5. Severability. If a part of a covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency, you agree to be bound by any lesser covenant subsumed within the terms of the covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in this Agreement. If an entire covenant in this Agreement is held invalid, unreasonable or unenforceable by a court or agency, the remaining covenants in this Agreement will continue in effect.

6. Injunctive Relief. We, in addition to other legal and equitable rights, will be entitled to temporary, preliminary or permanent injunctive relief, without bond, restraining your actual or threatened violation of any covenant in this Agreement.

7. Attorneys' Fees. In a legal action for damages, injunctive relief, the return of property or any other legal or equitable remedy, you agree to pay our reasonable attorneys' fees, court costs and reasonable out-of-pocket expenses for the action.

8. Governing Law. This Agreement will be governed by the laws of the state in which our headquarters office is located on the date of signing of this Agreement.

9. Binding Effect. This Agreement will be binding on the parties, and their heirs, executors, administrators, successors and assigns.

10. Third-Party Beneficiary. You acknowledge and agree that Season 2 Franchising, including any successors or assigns, are an intended third-party beneficiary of this Agreement with the right to enforce it as if they were a party hereto. Neither Season 2 Franchising nor its successors or assigns shall have any duties under this Agreement or any liabilities arising herefrom.

10. Modification. This Agreement may not be modified except in written agreement of at least equal formality signed by the parties.

The undersigned agree to the terms of this Agreement.

EMPLOYEE OR INDEPENDENT CONTRACTOR

\_\_\_\_\_  
Date: \_\_\_\_\_

COMPANY \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**(Note: To be signed by each manager, each management employee or independent contractor, and each person from Company attending our initial training.)**

**EXHIBIT E**

**SAMPLE GENERAL RELEASE**



## **GENERAL RELEASE**

**This GENERAL RELEASE** is made and executed by \_\_\_\_\_, individually (“you”), as of \_\_\_\_\_ (“Effective Date”).

WHEREAS, Season 2 Franchising LLC, a Florida limited liability company (“we”) and you entered into a franchise agreement dated \_\_\_\_\_, and **DESCRIBE FACTS THAT APPLY AT TIME RELEASE IS TO BE SIGNED.**

NOW, THEREFORE, in consideration of good and valuable consideration, the receipt and sufficiency of which are acknowledged, you agree as follows:

You, for yourself and each of your past and present heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasor”), hereby release and forever discharge us and each of our predecessors, successors, affiliates, subsidiaries, assigns, officers, directors, shareholders, agents and employees, and their respective heirs, executors, administrators, representatives, successors and assigns, in their corporate and individual capacities (collectively “Releasees”), from, in respect of and in relation to any and all claims, demands, causes of action, suits, debts, obligations, sums of money, acts, omissions or refusals to act, damages, judgments and demands, of any kind whatsoever, joint or several, known or unknown, which against Releasees the Releasor ever had, now has or which Releasees hereinafter can, will or may have, for, on or by reason of any matter, cause or thing may whatsoever, through the Effective Date.

{FOR CALIFORNIA RESIDENTS}

YOU ACKNOWLEDGE THAT YOU ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

YOU, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF YOUR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA, AND/OR THE JURISDICTION(S) OF THE FRANCHISEE(S)’ RESIDENCE(S) AND THE LOCATION(S) OF THE FRANCHISED UNIT(S).

\_\_\_\_\_  
Name, individually

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

I hereby certify that before me, a notary public, personally appeared **NAME** who made oath in due form of law that s/he was executing the foregoing General Release for the purposes therein contained.

As witness, my hand and Notarial Seal on \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

**EXHIBIT F**

**FRANCHISED AND COMPANY-OWNED OUTLETS**

**Franchised Outlets as of December 31, 2024**

Franchisee	Owner	Location Address	City	State	Zip	Phone
Season 2 Orlando, FL Amo Luxury LLC	Michelle Marcus	1300 North Semoran Blvd., Ste 210	Orlando	FL	32807	(689) 284-9561
Season 2 Tampa, FL Mila Venture Capital	Olga Taveras	412 East Madison St., Ste 815	Tampa	FL	33602	(813) 710-0788
Season 2 Fort Lauderdale, FL Opulent Consign LLC*	Alejandra Caban	2900 Glades Circle, Ste 1500	Weston	FL	33327	(954) 909-7349
Season 2 Central NJ DGM Luxury LLC	Dianne Melillo & Gabrielle Melillo	411 Route 34, Units 6 & 7	Colts Neck	NJ	07722	(908) 675-0141
Season 2 Consign North Jersey	Joy of Luxury LLC	25 Pompton Ave., Ste 202	Verona	NJ	0744	(973) 349-5548
Season 2 Las Vegas, NV Season Happiness and Handbags LLC	Jamie Manzuik	6855 West Sahara Ave., Suite 116B	Las Vegas	NV	89146	(702) 831-7123
Season 2 Consign RDU	Michelle Renee Collective LLC	2402 S. Miami Blvd., Ste 203	Durham	NC	27703	(919) 908-3102
Season 2 Consign Austin	SHG Designer Vault LLC	8920 Business Park Drive, Ste 351	Austin	TX	78759	(512) 786-3962

\* Franchisee acquired company-owned outlet and commenced operation in January 2024.

**Franchisees who have Signed Agreements as of December 31, 2024,  
but Outlets were Not Yet Open as of December 31, 2024**

**Illinois**

Season 2 Consign North Chicago  
Ever So Luxe LLC  
1901 North Clybourn Ave  
Suite 302  
Chicago, IL 60614  
872-371-4313

**Company-Owned Outlets\* as of December 31, 2024**

**Florida**

Season 2 West Palm Beach  
Season 2 Consign LLC  
224 Datura Street  
Suite 1010  
West Palm Beach, Florida 33401  
(561) 972-2392

\*Company-Owned Outlets refer to outlets owned by our affiliate, Season 2 Consign LLC.

**EXHIBIT G**  
**FORMER FRANCHISEES**

**Terminated in 2024**

None

**Not Renewed in 2024**

None

**Closed for Other Reasons in 2024**

None

**Reacquired by Franchisor in 2024**

None

**EXHIBIT H**  
**FINANCIAL STATEMENTS**

# UNAUDITED FINANCIALS

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT.**

**PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM**



# Balance Sheet

Season 2 Franchising LLC  
As of April 30, 2025

APR 30, 2025

<b>Assets</b>	
Current Assets	428,416.98
Fixed Assets	21,168.00
<b>Total Assets</b>	<b>449,584.98</b>
<b>Liabilities and Equity</b>	
Liabilities	134,415.56
Equity	315,169.42
<b>Total Liabilities and Equity</b>	<b>449,584.98</b>

# Income Statement (Profit and Loss)

Season 2 Franchising LLC  
For the 4 months ended April 30, 2025

JAN-APR 2025

<b>Income</b>	
Income	80,409.92
<b>Total Income</b>	<b>80,409.92</b>
<b>Cost of Goods Sold</b>	
Cost of Goods Sold	34,579.36
<b>Total Cost of Goods Sold</b>	<b>34,579.36</b>
<b>Gross Profit</b>	<b>45,830.56</b>
<b>Operating Expenses</b>	
Operating Expenses	69,898.84
<b>Total Operating Expenses</b>	<b>69,898.84</b>
<b>Operating Income</b>	<b>(24,068.28)</b>
<b>Other Income/Expenses</b>	
Other Income / (Expense)	(197.84)
<b>Total Other Income/Expenses</b>	<b>(197.84)</b>
<b>Net Income</b>	<b>(24,266.12)</b>

**SEASON 2 FRANCHISING LLC**

Financial Statements

Years Ended December 31, 2024, 2023 and 2022

With

Independent Auditor's Report



## SEASON 2 FRANCHISING LLC

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## Independent Auditor's Report

To the Members  
Season 2 Franchising LLC  
Weston, Florida

### **Opinion**

We have audited the accompanying financial statements of Season 2 Franchising LLC, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and members' equity and cash flows for the years ended December 31, 2024, 2023 and 2022, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Season 2 Franchising LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Season 2 Franchising LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Season 2 Franchising LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions of events, considered in the aggregate, that raise substantial doubt about Season 2 Franchising LLC's ability to continue as a going concern for a reasonable period of time.

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

### **Effect of Adopting New Accounting Standards**

As discussed in Note 1, Season 2 Franchising LLC adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Season 2 Franchising LLC adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases* (Topic 842) for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma  
May 19, 2025

**SEASON 2 FRANCHISING LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

<b>ASSETS</b>		
	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 31,507	\$ 20,655
Trade accounts receivable	8,000	5,500
Accounts receivable - related party, net	326,088	242,525
Prepaid expenses	4,419	4,373
Total current assets	<u>370,014</u>	<u>273,053</u>
Noncurrent assets		
Website development costs and franchise software, net	18,522	23,814
Intangible asset held-for-sale	72,700	72,700
Total noncurrent assets	<u>91,222</u>	<u>96,514</u>
Total assets	<u>\$ 461,236</u>	<u>\$ 369,567</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities		
Trade accounts payable	\$ 41,962	\$ 30,155
Credit card payable	44,796	40,204
Deferred revenues - franchise sales, current portion	10,153	4,584
Related party note payable	5,468	10,142
Total current liabilities	<u>102,379</u>	<u>85,085</u>
Non-current liabilities		
Deferred revenues - franchise sales, net of current portion	68,791	34,445
Total non-current liabilities	<u>68,791</u>	<u>34,445</u>
Total liabilities	<u>171,170</u>	<u>119,530</u>
Members' equity	<u>290,066</u>	<u>250,037</u>
Total liabilities and members' equity	<u>\$ 461,236</u>	<u>\$ 369,567</u>

See independent auditor's report and notes to the financial statements.



**SEASON 2 FRANCHISING LLC**  
**STATEMENTS OF INCOME AND MEMBERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022**

	2024	2023	2022
Revenues			
Franchise sales	\$ 139,083	\$ 64,972	\$ 97,000
Franchise royalties	133,109	193,798	201,361
Technology fees	94,000	33,500	-
Service fees	48,914	8,330	-
Marketing fees	22,698	212	-
Merchandise sales	-	4,003	-
Total revenues	437,804	304,815	298,361
Costs and expenses			
Software and apps	240,679	81,633	38,322
Legal and accounting services	99,526	105,413	84,318
General and administrative	86,690	36,521	9,779
Advertising	17,090	8,464	15,380
Franchise fee	1,650	30,579	90,775
Cost of goods sold	-	2,827	-
Total costs and expenses	445,635	265,437	238,574
Net income (loss)	(7,831)	39,378	59,787
Members' equity, beginning of year	250,037	200,405	100,000
Members' contributions	60,238	10,254	40,618
Members' distributions	(12,378)	-	-
Members' equity, end of year	\$ 290,066	\$ 250,037	\$ 200,405

See independent auditor's report and notes to the financial statements.

**SEASON 2 FRANCHISING LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	2024	2023	2022
Cash flows from operating activities:			
Net income (loss)	\$ (7,831)	\$ 39,378	\$ 59,787
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Amortization	5,292	2,646	-
Change in assets and liabilities:			
Trade accounts receivable	(2,500)	(5,500)	-
Accounts receivable - related party	(83,563)	(131,543)	(110,982)
Prepaid expenses	(46)	28,082	(32,455)
Trade accounts payable	11,807	13,424	16,731
Credit card payable	4,592	40,204	-
Deferred revenues - franchise sales	39,915	19,029	20,000
Net cash provided by (used in) operating activities:	(32,334)	5,720	(46,919)
Cash flows from investing activities:			
Web app purchase	-	(26,460)	-
Payments for assets held-for-sale	-	-	(72,700)
Net cash provided by (used in) investing activities:	-	(26,460)	(72,700)
Cash flows from financing activities:			
Advances from related party	-	26,460	-
Payments to related party	(4,674)	(16,318)	-
Members' contributions	60,238	10,254	40,618
Members' distributions	(12,378)	-	-
Net cash provided by (used in) financing activities:	43,186	20,396	40,618
Net change in cash	10,852	(344)	(79,001)
Cash and cash equivalents, beginning of year	20,655	20,999	100,000
Cash and cash equivalents, end of year	\$ 31,507	\$ 20,655	\$ 20,999
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 6,511	\$ 4,489	\$ -

See independent auditor's report and notes to the financial statements.

**SEASON 2 FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

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**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations and Risk***

Season 2 Franchising LLC (the “Company”) is a Florida limited liability company established November 17, 2021. It is engaged in the franchising of a business concept for the selling of luxury items through an e-commerce platform on a consignment basis in various states. The initial franchise fee charged by the Company was \$39,000. As of April 2023, the initial franchise fee increased to \$45,000. As of April 2024, the initial franchise fee increased to \$50,000.

Regarding the franchise area, all sales are made through the Company’s e-commerce platform, therefore franchisees may sell to customers in other franchisee’s territories. However, in the form of territorial protection, franchisees are permitted to solicit suppliers (including consignors) only within their designated trade area. Franchisees may also sell to customers at pop-up events and other in-person events within their designated trade area, as long as all sales are completed through the e-commerce platform.

Sales occur continuously throughout the year. The Company receives a royalty from its franchisees of 6%, based on volume, which is payable weekly. Four, five and three franchises were sold as new during 2024, 2023, and 2022, respectively. One franchise was closed and terminated during 2023, and one franchise was closed and repurchased by the Company in 2022. Ten, six and three franchises were in operation at the close of 2024, 2023, and 2022, respectively. One, one and two related-party franchises owned by Season 2 Consign, LLC were in operation at the close of 2024, 2023, and 2022 respectively, as described in Note 2 to the financial statements.

***Basis of Presentation***

The accompanying financial statements were derived from the historical accounting records of the Company and reflect the historical financial position, results of operations, and cash flows for the years described herein. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

***Reclassifications***

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

***Cash and Cash Equivalents***

For the purpose of reporting cash flows, the Company considers all highly liquid and unrestricted demand accounts with an initial maturity of three months or less to be cash and cash equivalents, which consists of the checking account.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Trade Accounts Receivable***

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances and are generally due the 15<sup>th</sup> of the subsequent month billed. Trade accounts receivable are short-term, non-interest bearing, and uncollateralized. Management individually reviews all trade accounts receivable balances beyond their due dates and, based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that may not be collected. Doubtful accounts are charged to operations in the period deemed uncollectible, based on the status of payments.

***Allowance for Doubtful Accounts***

Management considers the probability of collection of accounts receivable based on experience, taking into account specific circumstances of franchisees as well as general economic factors, when determining whether an allowance for doubtful accounts is necessary. Management believes that trade accounts receivable at December 31, 2024 and 2023 are collectible and that an allowance for doubtful accounts is not considered necessary.

***Capitalized Franchise Software and Website Development Costs***

Franchise software and website development costs are recorded at cost. Costs are amortized and recorded using the straight-line method with an estimated useful life of five years. The Company capitalizes all franchise software and website development costs in excess of \$500 with a useful life greater than one year.

The Company records impairments to its franchise software, website and application costs when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Company based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions and other information. No impairments were recorded in 2024 or 2023.

***Franchise Held-For-Sale***

Throughout the course of business, the Company may elect to repurchase franchise locations from current franchisees and hold them for sale to future franchisees. During the years ended December 31, 2024 and 2023, the Company repurchased no franchise locations. During the year ended December 31, 2022, one franchise location was repurchased. The Company holds one franchise location for sale as of December 31, 2024 and 2023.

***Deferred Revenue***

Deferred revenue consists of franchise sales deferred over the life of the franchise agreement.

***Revenue Recognition***

The Company considers an executed franchise agreement to be a contract with a customer. Revenues consist of franchise sales, including royalties, authentication fees, technology fees, marketing fees and merchandise sales.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenue Recognition (Continued)***

Revenues derived from the sale of a franchise are recognized over the term of the franchise agreement, which is generally ten years, or seven years, as of April 2024. The Company has multiple performance obligations to fulfill, the most substantial is to provide training for new franchisees prior to their first sale. The Company has determined approximately 74% of all performance obligations are fulfilled within the first year. The remaining 26% of the franchise sale is recognized on a straight-line basis in years two through ten, or two through seven as of April 2024.

Royalty revenues and marketing fees are based on a percentage of sales and recognized at the time the underlying sales occur.

Authentication and technology fees are based on a monthly fee as described in the franchise disclosure document.

The Company allows franchisees to renew their agreement after the initial agreement period is completed. Franchisee's must be in good standing, fully complied with the provisions of the initial Franchise Agreement and are not in default of any provision of the Franchise Agreement. The renewal sale is recognized on a straight-line basis over the renewal period.

The Company recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which the Company expects to be entitled by applying the following five-step process:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows as follows: (1) vulnerability to the cyclical nature of the franchising industry; (2) demand for the Company's services is dependent upon the demand of authentic designer brand and luxury handbags, accessories and other products and related services; (3) the timing of franchise sales are outside of the Company's control.

***Income Taxes***

The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporate income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes (Continued)***

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its members will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax returns remain open for three years for federal and state income tax examination.

***Advertising***

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2024, 2023, and 2022 was \$17,090, \$8,464 and \$15,380, respectively.

***Accounting Estimates***

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to fair value measurements, deferred revenue, allowance for doubtful accounts, and amortization.

***Changes in Accounting Principle***

The Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments. The current methodology requires a delay in recognizing credit losses until it is probable a loss has been incurred. Both, entities that extend credit and users of their financial statements, expressed concern that current GAAP restricted the ability to record credit losses that are expected, but do not yet meet the "probable" threshold. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted ASU 2016-13 as of January 1, 2023 under the modified retrospective approach. The adoption of ASU 2016-13 did not materially impact the financial statements.

(Continued)

**NOTE 1 – PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Changes in Accounting Principle (Continued)***

The Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). Topic 842 increases the transparency and comparability in financial reporting by requiring balance sheet recognition of leases exceeding 12 months and note disclosures of certain information about lease arrangements. As most of the leases do not provide an implicit rate, the Company will use their incremental borrowing rate (historical prime rate, 7.5% at December 31, 2024) based on the information available at the commencement date in determining the present value of lease payments. The Company adopted ASU 2016-02 as of January 1, 2022 under the modified prospective approach. The adoption of ASU 2016-02 did not materially impact the financial statements. The Company had no material agreements that would qualify under Topic 842 as of December 31, 2024 or 2023.

***Subsequent Events***

The Company has evaluated subsequent events through May 19, 2025, the date the financial statements were available to be issued.

**NOTE 2 – RELATED PARTY TRANSACTIONS**

The Company had certain business transactions with Season 2 Consign, LLC, a corporation related through common ownership. At December 31, 2024, 2023, and 2022, one, one, and two franchises owned by Season 2 Consign, LLC were in operation, respectively. The Company records Season 2 Consign, LLC consignment royalty sales, technology and ad revenue at year-end. The Company also makes purchases related to Season 2 Consign, LLC's operations as necessary.

The Company is owed \$326,088 and \$242,525 from the related party as of December 31, 2024 and 2023, respectively.

**NOTE 3 – CONCENTRATIONS OF CREDIT AND MARKET RISK**

The Company maintains cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Company's deposits may exceed insured amounts. At December 31, 2024 and 2023, no balances exceed FDIC coverage. Management believes that credit risk related to these deposits is minimal.

The Company currently operates in Florida with franchisees located in Florida, Nevada New Jersey, North Carolina, and Texas. The Company routinely assesses the financial strength of its franchisees and, as a result, believes that its sales revenue and trade accounts receivable credit risk exposure is limited.

Two franchisees made up approximately 33% of total franchise royalty, tech and ad fee revenue during the year ended December 31, 2024.

Five vendors made up approximately 46% of total expenses during the year ended December 31, 2024.

(Continued)

**SEASON 2 FRANCHISING LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

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**NOTE 4 – CONTINGENCIES**

During the course of business, the Company may become involved in various legal proceedings. The Company was involved in no legal proceedings at December 31, 2024, 2023, and 2022. In the opinion of management, any liability from such proceedings would not have a material adverse effect on the financial statements.

**NOTE 5 – INTANGIBLE ASSETS**

At December 31, 2024 and 2023, intangible assets consist of the following:

	<u>2024</u>	<u>2023</u>
Franchise software and website development	\$ 26,460	\$ 26,460
Franchise held-for-sale	<u>72,700</u>	<u>72,700</u>
	99,160	99,160
Less accumulated amortization	<u>(7,938)</u>	<u>(2,646)</u>
	<u><u>\$ 91,222</u></u>	<u><u>\$ 96,514</u></u>

Amortization expense for the years ended December 31, 2024, 2023, and 2022 was \$5,292, \$2,646, and \$0, respectively.

**NOTE 6 – NOTES PAYABLE – RELATED PARTY**

Notes payable from a related party consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Two related party loans, which require average monthly payments of \$1,170 and \$1,234, respectively. The interest rates are 16.60% and 16.13%, respectively. One loan matured in March 2025, and the other matures in June 2025.	<u>\$ 5,468</u>	<u>\$ 10,142</u>

As of May 19, 2025, the date the financial statements were available to be issued, the loan maturing in March 2025 was closed.

Interest expense from the related party notes was \$2,302, \$1,781, and \$0 for the years ended December 31, 2024, 2023, and 2022, respectively.

Future maturities of notes payable from a related party are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	<u><u>\$ 5,468</u></u>



**EXHIBIT I**

**STATE SPECIFIC ADDENDA**

## **ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR SEASON 2 FRANCHISING LLC**

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. The Supplemental Agreements include the following attachments to the Franchise Agreement: the Business Development & Territory Addendum (Attachment 1), Guaranty Agreement (Attachment 5), and Spousal Consent (Attachment 6), and the Franchise Compliance Questionnaire in Exhibit C to the Franchise Disclosure Document.

### **CALIFORNIA**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in the city or county in which our headquarters office is located at the time, currently West Palm Beach, Palm Beach County, Florida. The Franchise Agreement contains a mediation provision. Mediation will occur in the city or county in which our headquarters office is located at the time, currently West Palm Beach, Palm Beach County, Florida, with the parties each bearing their own costs of mediation and sharing equally the filing fee and mediator's fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires the application of the law of the State of Florida. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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

The Franchise Agreement provides for termination upon bankruptcy. Such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

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

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. The provision for liquidated damages contained in the Franchise Agreement may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

The FDD, Franchise Agreement and Supplemental Agreements are amended to add the following:

“No statement, questionnaire, or acknowledgement 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

The following language and Sections are removed from the Franchise Agreement and Supplemental Agreements:

1. In the 8<sup>th</sup> paragraph of the whereas recitals at the beginning of the Franchise Agreement, the language, “WHEREAS, Franchisee acknowledges that Franchisee has read this Agreement and our Franchise Disclosure Document (“FDD”), and that Franchisee has no knowledge of any representations made by us, or by our officers, directors, shareholders, members, employees or agents, about the Franchised Business, we and our franchising program or policies which are contrary to the statements in our FDD or to the terms of this Agreement,”
2. In Section III.A of the Franchise Agreement, the language, “however, such acceptance will not be deemed a representation or warranty as to the likelihood of success by Franchisee at the site. Franchisee acknowledges and agrees that its success will be due, in part, to factors beyond our control. Our acceptance of a proposed site is only an indication that the site meets our minimum criteria, and in

no way gives rise to any liability on our part as to the viability, profitability or success of any site.”

3. In Section V.B of the Franchise Agreement, the language, “Franchisee acknowledges that our site selection assistance is an exercise of our right of acceptance provided for in this Agreement, and acceptance of a site is not a warranty, representation or promise of success, profitability or suitability of the site selected for the Franchised Business and in no way will give rise to any liability on our part.”
4. Sections XXI.A, XXI.B and XXII of the Franchise Agreement.
5. In Section XXI.C of the Franchise Agreement, the language,
  - a. **“THE SUCCESS OF FRANCHISEE IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, FRANCHISEE’S INDEPENDENT BUSINESS ABILITY. WE HAVE PROVIDED NO DATA AND MADE NO STATEMENTS WHICH WOULD EXPRESS, IMPLY OR SUGGEST THAT OUR ACCEPTANCE OF A SITE SELECTED BY FRANCHISEE IS ANY GUARANTY OF THE EVENTUAL PERFORMANCE OF THE FRANCHISED BUSINESS AT THE SITE.”**
  - b. **“FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION BY US, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE FRANCHISED BUSINESS. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT.”**
  - c. **“ ... HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, TO FRANCHISEE AS TO THE POTENTIAL REVENUE, PROFITS OR SERVICES OF THE FRANCHISED BUSINESS,”** and
  - d. **“FRANCHISEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.”**
6. In Section XXVI of the Franchise Agreement, the language,
  - a. “Franchisee acknowledges that it has conducted an independent investigation of all aspects relating to the Franchised Business, that the business venture contemplated by this Agreement involves business risks, and that its success

will be largely dependent on its own skills and ability as an independent business person or organization.”

- b. “...that Franchisee will derive income from the Franchised Business which exceeds the price paid for the Franchise or the Franchised Business,” and
  - c. “Franchisee further acknowledges that it has received, read and understands this Agreement, the attachments hereto and agreements relating thereto, and that we have accorded Franchisee ample time and opportunity to consult with advisors of Franchisee’s own choosing about the potential benefits and risks of entering into this Agreement.”
7. In Attachment 6 Spousal Consent, the language, “...hereby acknowledge that I have read the foregoing Agreement and Guaranty Agreement and that I understand its contents.”

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

## **ILLINOIS**

Illinois law governs the Franchise Agreement.

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.

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

The Franchise Agreement is amended to delete Section XXVI, (*Acknowledgements*).

The FDD, Franchise Agreement and Supplemental Agreements are amended to add the following:

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

See the last page of this Exhibit I for your signature.

[remainder of page blank]

## **IOWA**

Any provision in the Franchise Agreement or Franchise Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to: Season 2 Franchising LLC , 224 Datura Street, Suite 1010, West Palm Beach, FL 33401, or send to Season 2 Franchising LLC by email to: [franchise@season2consign.com](mailto:franchise@season2consign.com) not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## **MARYLAND**

### **AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Item 5 of the FDD and Section IV of the Franchise Agreement are amended to state:

“Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

The Franchise Agreement is amended to state that the representations included in it are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

Item 11 is revised to state “Maryland regulations require that a franchisee be able to obtain an accounting of the advertising fund. If we establish the Marketing Fund, we will provide franchisee with an annual accounting for the Marketing Fund that shows how the Marketing Fund proceeds have been spent for the previous year upon written request.”

The Franchise Agreement is amended to delete Section XXVI, (*Acknowledgments*).

The FDD and Franchise Agreement are amended to add the following:

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



Exhibit C of the FDD, (*Franchise Compliance Questionnaire*) is hereby deleted in its entirety.

**FRANCHISOR:**

SEASON 2 FRANCHISING LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **NEW YORK**

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

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the

State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

6. The following language and Sections are removed from the Franchise Agreement and Supplemental Agreements:

- a. In the 8<sup>th</sup> paragraph of the whereas recitals at the beginning of the Franchise Agreement, the language, “WHEREAS, Franchisee acknowledges that Franchisee has read this Agreement and our Franchise Disclosure Document (“FDD”), and that Franchisee has no knowledge of any representations made by us, or by our officers, directors, shareholders, members, employees or agents, about the Franchised Business, we and our franchising program or policies which are contrary to the statements in our FDD or to the terms of this Agreement,”
- b. In Section III.A of the Franchise Agreement, the language, “however, such acceptance will not be deemed a representation or warranty as to the likelihood of success by Franchisee at the site. Franchisee acknowledges and agrees that its success will be due, in part, to factors beyond our control. Our acceptance of a proposed site is only an indication that the site meets our minimum criteria, and in no way gives rise to any liability on our part as to the viability, profitability or success of any site.”
- c. In Section V.B of the Franchise Agreement, the language, “Franchisee acknowledges that our site selection assistance is an exercise of our right of acceptance provided for in this Agreement, and acceptance of a site is not a warranty, representation or promise of success, profitability or suitability of the site selected for the Franchised Business and in no way will give rise to any liability on our part.”
- d. Sections XXI.A, XXI.B and XXII of the Franchise Agreement.
- e. In Section XXI.C of the Franchise Agreement, the language,
  - i. **“THE SUCCESS OF FRANCHISEE IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, FRANCHISEE’S INDEPENDENT BUSINESS ABILITY. WE HAVE PROVIDED NO DATA AND MADE NO**

**STATEMENTS WHICH WOULD EXPRESS, IMPLY OR SUGGEST THAT OUR ACCEPTANCE OF A SITE SELECTED BY FRANCHISEE IS ANY GUARANTY OF THE EVENTUAL PERFORMANCE OF THE FRANCHISED BUSINESS AT THE SITE.”**

- ii. **“FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION BY US, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE FRANCHISED BUSINESS. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT.”**
  - iii. **“ ... HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, TO FRANCHISEE AS TO THE POTENTIAL REVENUE, PROFITS OR SERVICES OF THE FRANCHISED BUSINESS,”** and
  - iv. **“FRANCHISEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.”**
- f. In Section XXVI of the Franchise Agreement, the language,
- i. “Franchisee acknowledges that it has conducted an independent investigation of all aspects relating to the Franchised Business, that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent on its own skills and ability as an independent business person or organization.”
  - ii. “...that Franchisee will derive income from the Franchised Business which exceeds the price paid for the Franchise or the Franchised Business,” and
  - iii. “Franchisee further acknowledges that it has received, read and understands this Agreement, the attachments hereto and agreements relating thereto, and that we have accorded Franchisee ample time and opportunity to consult with advisors of Franchisee’s own choosing about the potential benefits and risks of entering into this Agreement.”
- g. In Attachment 6 Spousal Consent, the language, “...hereby acknowledge that I have read the foregoing Agreement and Guaranty Agreement and that I understand its contents.”

7. The FDD, Franchise Agreement and Supplemental Agreements are amended to add the following:

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

[remainder of page blank]

## **OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

### **NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to: Season 2 Franchising LLC, 224 Datura Street, Suite 1010, West Palm Beach, FL 33401, or send to Season 2 Franchising LLC by email to: [franchise@season2consign.com](mailto:franchise@season2consign.com) not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

## **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Season 2 Franchising LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

The following language and Sections are removed from the Franchise Agreement and Supplemental Agreements:

1. In the 8<sup>th</sup> paragraph of the whereas recitals at the beginning of the Franchise Agreement, the language, “WHEREAS, Franchisee acknowledges that Franchisee has read this Agreement and our Franchise Disclosure Document (“FDD”), and that Franchisee has no knowledge of any representations made by us, or by our officers, directors, shareholders, members, employees or agents, about the Franchised Business, we and our franchising program or policies which are contrary to the statements in our FDD or to the terms of this Agreement,”
2. In Section III.A of the Franchise Agreement, the language, “however, such acceptance will not be deemed a representation or warranty as to the likelihood of success by Franchisee at the site. Franchisee acknowledges and agrees that its success will be due, in part, to factors beyond our control. Our acceptance of a proposed site is only an indication that the site meets our minimum criteria, and in no way gives rise to any liability on our part as to the viability, profitability or success of any site.”
3. In Section V.B of the Franchise Agreement, the language, “Franchisee acknowledges that our site selection assistance is an exercise of our right of acceptance provided for in this Agreement, and acceptance of a site is not a warranty, representation or promise of success, profitability or suitability of the site selected for the Franchised Business and in no way will give rise to any liability on our part.”

4. Sections XXI.A, XXI.B and XXII of the Franchise Agreement.
5. In Section XXI.C of the Franchise Agreement, the language,
  - a. **“THE SUCCESS OF FRANCHISEE IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, FRANCHISEE’S INDEPENDENT BUSINESS ABILITY. WE HAVE PROVIDED NO DATA AND MADE NO STATEMENTS WHICH WOULD EXPRESS, IMPLY OR SUGGEST THAT OUR ACCEPTANCE OF A SITE SELECTED BY FRANCHISEE IS ANY GUARANTY OF THE EVENTUAL PERFORMANCE OF THE FRANCHISED BUSINESS AT THE SITE.”**
  - b. **“FRANCHISEE HAS NOT RELIED ON ANY WARRANTY OR REPRESENTATION BY US, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE FRANCHISED BUSINESS. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE FRANCHISEE TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN AND IN OUR FRANCHISE DISCLOSURE DOCUMENT.”**
  - c. **“ ... HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, TO FRANCHISEE AS TO THE POTENTIAL REVENUE, PROFITS OR SERVICES OF THE FRANCHISED BUSINESS,”** and
  - d. **“FRANCHISEE ACKNOWLEDGES AND AGREES THAT IT HAS NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.”**
6. In Section XXVI of the Franchise Agreement, the language,
  - a. “Franchisee acknowledges that it has conducted an independent investigation of all aspects relating to the Franchised Business, that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent on its own skills and ability as an independent business person or organization.”
  - b. “...that Franchisee will derive income from the Franchised Business which exceeds the price paid for the Franchise or the Franchised Business,” and
  - c. “Franchisee further acknowledges that it has received, read and understands this Agreement, the attachments hereto and agreements relating thereto, and that we have accorded Franchisee ample time and opportunity to consult with advisors



of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement."

7. In Attachment 6 Spousal Consent, the language, "...hereby acknowledge that I have read the foregoing Agreement and Guaranty Agreement and that I understand its contents."

The FDD, Franchise Agreement and Supplemental Agreements are amended to add the following:

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

**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“Addenda”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document and Franchise Agreement entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the or Franchise Agreement, the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                          |            |                          |          |
|--------------------------|------------|--------------------------|----------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | New York |
| <input type="checkbox"/> | Illinois   | <input type="checkbox"/> | Ohio     |
| <input type="checkbox"/> | Iowa       | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Maryland   |                          |          |

Dated: \_\_\_\_\_, 20\_\_\_\_

**FRANCHISOR:**

SEASON 2 FRANCHISING LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT J**

**OPERATIONS MANUAL TABLE OF CONTENTS**

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**EXHIBIT K**

**STATE EFFECTIVE DATES**

### **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:

<b>State</b>	<b>Effective Date</b>
California	
Illinois	
Maryland	
New York	
Virginia	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



**EXHIBIT L**

**RECEIPTS**

**RECEIPT**  
**(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Season 2 Franchising LLC (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires that we give you this disclosure document at the first personal meeting.

Michigan requires that we give you this disclosure document 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Erika Schrieber, Monica Tapia-Mularski, Robert Petre and Kezia Versammy, 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401, (561) 972-2392.

Issuance Date: May 21, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated May 21, 2025 that included the following Exhibits:

A	Agencies/Agents for Service of Process	G	Former Franchisees
B	Franchise Agreement and Attachments	H	Financial Statements
C	Franchise Compliance Questionnaire	I	State Specific Addenda
D	Confidentiality and Non-Competition Agreement	J	Operations Manual Table of Contents
E	Sample General Release	K	State Effective Dates
F	Franchised and Company-Owned Outlets	L	Receipts

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

KEEP THIS COPY FOR YOUR RECORDS.

**RECEIPT**  
**(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Season 2 Franchising LLC (“we” or “us”) offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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F	Franchised and Company-Owned Outlets	L	Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO US ADDRESSED AS FOLLOWS: Erika Schrieber or Monica Tapia-Mularski, 224 Datura Street, Suite 1010, West Palm Beach, Florida 33401, (561) 972-2392, [franchise@season2consign.com](mailto:franchise@season2consign.com).