FRANCHISE DISCLOSURE DOCUMENT

SkyRun Franchising Limited
a Colorado limited liability company
390 Interlocken Crescent, Suite 350
Broomfield, Colorado 80021
970-660-4422
www.skyrun.com
info@skyrun.com

The franchise offered is for the operation of a property management and rental business focused primarily on vacation homes, under the "SkyRun®" and "SkyRun® Vacation Rentals" service marks using our reservation system, online distribution and listing services, and other proprietary methods of operation, which offer and provide online listing and property management services to residential property owners who desire to rent their residential properties to transient guests.

The initial investment necessary to begin operation of a SkyRun franchise ranges from $105,080 to $153,980. This includes $55,000 to $75,000 that must be paid to the franchisor or its affiliates.

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

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

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

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 Lukas Krause at 390 Interlocken Crescent, Suite 350, Broomfield, Colorado 80021 and 970-660-4422.

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

Issuance Date: April 26, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only SkyRun business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a SkyRun franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.

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

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.

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

NOTICE REQUIRED
BY
STATE OF MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

(b) A requirement that the Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives the Franchisee of rights and protections provided in the Michigan Franchise Investment Law. This section shall not preclude the Franchisee, after entering into the Franchise Agreement, from settling any and all claims.

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

(d) A provision that permits the Franchisor to refuse to renew the franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This section applies only if:

(i) the term of the franchise is less than 5 years; and

(ii) the Franchisee is prohibited by the Franchise Agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months advance notice of the Franchisor's intent not to renew the franchise.

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

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

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

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

(ii) The fact that the proposed transferee is a competitor of the Franchisor.

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

(iv) The failure of the Franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, G. Mennen Williams Building, 1st Floor, 525 West Ottawa Street, Lansing, Michigan 48909; telephone (517) 373-7117.

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EXHIBITS

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

To simplify the language in this Disclosure Document, the "Company," "we," "us," "our," or the "Franchisor," means SkyRun Franchising Limited. "You," "your," or the "Franchisee," means the person, corporation, limited liability company, partnership, or other business entity that buys the franchise. If you are a corporation, limited liability company, partnership, or other entity, these terms also include your shareholders, members, partners, and owners who must sign a personal guaranty agreeing to comply with all provisions of the License Agreement.

The Franchisor

We are a Colorado limited liability company formed on June 28, 2022. Our principal business address is 390 Interlocken Crescent, Suite 350, Broomfield, Colorado 80021. We do business only under our company name, "SkyRun", and "SkyRun Vacation Rentals". Although our affiliates have offered SkyRun franchises in the past, and currently operate SkyRun businesses, we have never operated a SkyRun business. We started offering SkyRun franchises in the summer of 2022. We do not conduct business in any other line of business nor do we offer franchises in any other line of business.

Our agents for service of process are disclosed on Exhibit B.

The Business

We offer franchises for the establishment, development, and operation of property management and rental businesses focused primarily on vacation homes, using our required reservation system, online distribution and listing services, and other proprietary methods of operation, which offer and provide online listing and property management services to residential property owners ("Owners") who desire to rent their residential properties ("Properties") to transient guests ("Guests"). These franchises will be operated under the "SkyRun®" and "SkyRun® Vacation Rentals" service marks and logo and other trademarks, trade names, service marks, and commercial symbols we may authorize (the "Marks"). Each vacation property management and rental business operated under the Marks is referred to in this Disclosure Document as a "Business".

You will operate your Business using our unique operating system, which includes our proprietary reservation system, online distribution and listing services, marketing strategies and techniques, and methods of operation, and other know-how, information, materials, software, trade secrets, trade dress, and confidential information, as well as our standards, designs, methods of trademark and service mark usage, and research and development (the "System"). We may change or otherwise modify the System at any time as we see fit.

The Business you operate may only provide the online listing and property management services and other products and services we authorize. You must follow all of our policies and procedures when operating your Business, including offering the products and services we specify and our restrictions on soliciting Owners and advertising Properties through our System. We can add to, modify, or delete any products or services that you must offer or sell at any time as we determine, and change and modify our policies. You will use your Business to solicit Owners with Properties physically located within your Designated Territory who desire to rent their Properties to Guests. You may only service, list, and rent Properties that are physically located within your Designated Territory (see Item 12). You will use a property management software, through our vendor, TravelNet Solutions, LLC, to manage Property listings and bookings to market and price Properties, and to coordinate housekeeping and maintenance ("TNS"). Guests may book an available Property online, which booking will be handled solely through TNS. Upon the Guest's check-out after their stay at a Property, you will use TNS to charge the Guest for the booking and remit to us any fees due under your License Agreement and remit a commission to the Owner of the Property. TNS also has customer relationship management features you may utilize. We will distribute and market your Property listings on our website and third-party online travel agencies.

We prefer franchisees who will be owner-operators. In any event, your Business must be directly supervised by a Manager (who may be the owner-operator) who will be responsible for the operation of the Business. Depending on the number of Properties serviced through your Business, you may also require additional staff. You may operate your Business from a home office or other office location, which we must approve, and which we prefer, but do not require, be located within your Designated Territory.

License Agreement and TravelNet Supplier Agreement

We are looking for franchisees who have some prior business experience or strong interest in the property management, rental, real estate, or travel industries. Before granting a franchise, you must meet our current application requirements, including minimum liquid capital amounts, background checks, credit checks, and interview process. If we grant you a SkyRun franchise, you must sign our standard license agreement, which is attached to this Disclosure Document as Exhibit F (the "License Agreement"). At the time you sign the License Agreement, you will also sign a TravelNet Supplier Agreement for the use of TNS during the term of your License Agreement, which is attached to this Disclosure Document as Exhibit G (the "TravelNet Supplier Agreement").

The License Agreement grants you the right to operate 1 Business serving Properties physically located within your Designated Territory. You may not operate an additional Business, or service Properties physically located outside your Designated Territory, unless you acquire additional franchise rights from us and sign another License Agreement.

Predecessors, Parents, and Affiliates

Our founders created the SkyRun brand and concept in 2004 to address a need for vacation rental property management services in resort markets. SkyRun Partners LLC ("Partners") was created to carry out the vision of the SkyRun founders and has been providing high-quality property management services in the resort areas of Colorado since June 2008. Partners has offered property management services since its organization in June 2008. Partners offered franchises for a very brief period of time and subsequently licensed the use of its name, website, and proprietary operating system to third parties seeking to operate property management businesses. As of December 31, 2023, there were 31 franchised outlets in the system. Partners would be considered our predecessor as it is licensing all of its intellectual property to us. It is also our parent company as we are wholly owned by it and an affiliate of ours as it may provide other products and services to you. Its principal business address is the same as ours. It has not offered franchises in any other line of business.

Our affiliate Vacation Rentals of Breckenridge, LLC has been providing property management services to properties located in the Breckenridge, Colorado market area since November 2021. The managing member of our predecessor also operates SkyRun outlets serving resort and vacation areas in Florida and Colorado: SkyRun South Florida LLC, formed in 2017, services properties located in the Palm Beach, Broward and Miami-Dade, Florida market areas; SkyRun Vacation Rentals, LLC, formed in 2012, services properties located in the Vail, Colorado market; SkyRun Aspen LLC, formed in 2017, services properties located in the Aspen, Colorado market area; and SkyRun Condos, LLC, formed in 2004, services properties located in the Keystone market area in Colorado. We consider each of these outlets to be affiliates of ours.

No other parent, predecessor, or affiliate of ours offers franchises in any line of business or provides products or services to you, except as provided above.

Market and Competition

The target market for your Business includes residential property owners who desire to rent their properties for typically short-term vacation or other transient rentals. These properties are typically second or third homes and are located in resort or tourist areas or other urban areas. As a franchisee, you will compete with other vacation rental businesses, which may be independently owned or part of larger regional or national brands, as well as real estate agents or brokers who offer rental listing services and with residential property owners who directly offer their properties for vacation or other transient rentals.

The property management services and other services that you may provide through your Business may be seasonal depending on the geographic region within which your Designated Territory is located, as the availability of Properties for rent and the demand from Guests may vary based on the weather, time of year, and the local tourism industry in general.

Industry-Specific Regulations

You must obtain all required licenses and permits to operate your Business. Some states require licenses to operate home or vacation rental businesses. These laws may require that you obtain a real estate license or that your Business operate under a broker's license, and that your Business' Owners obtain short-term rental licenses to rent their Properties. Local and state tax laws and regulations also apply to your Business. Although not required by all states, some states will require that deposits and other amounts paid to you by your customers be held in a trust account or escrow. There are also local ordinances known as vacation rental rules and regulations that you may need to satisfy, depending upon where you are conducting business. For example, some local ordinances may ban short-term rentals.

In addition to the specific laws discussed above, your Business will be subject to national, state, and local regulations that apply to all businesses, such as the Americans With Disabilities Act, consumer data privacy and PCI laws and regulations, employment laws, occupational health and safety, equal employment opportunity, taxes, and business licensing and permitting requirements. You must also comply with all zoning laws and regulations and building, fire, and health codes that apply to your Business.

You are responsible for ensuring that your Business, and the Business' Owners and their Properties, are in compliance with all applicable laws.

ITEM 2.
BUSINESS EXPERIENCE

Lukas Krause (Chief Executive Officer)

Mr. Krause has been our Chief Executive Officer since our formation in June 2022, located in Broomfield, Colorado. He has also been the Chief Executive Officer of Partners since June 2021, located in Broomfield, Colorado. From March 2019 to June 2021, he was President and Chief Operating Officer at National Corporate Housing, located in Greenwood Village, Colorado. From February 2012 to March 2019, he was Chief Executive Officer at Real Property Management, located in Salt Lake City, Utah.

Kyle Gjersee (Vice President of Development)

Mr. Gjersee has been our Vice President of Development since our formation in June 2022, located in Broomfield, Colorado. He has been a Managing Partner for JumpStart Franchise Services since January 2016, located in Denver, Colorado. He was a Franchise Developer at W.C. Franchise Developers from January 2018 to July 2022, located in Orange County, California. From January 2013 to January 2018, he was Executive Vice President of Field Operations at WellBiz Brands, Inc., located in Highlands Ranch, Colorado.

ITEM 3.
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4.
BANKRUPTCY

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

ITEM 5.
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee for a Business (the "Initial Franchise Fee") based on the number of short-term rentals in your Designated Territory according to AirDNA data at the time of signing your License Agreement. If your Designated Territory has 500 short-term rentals or less, the Initial Franchise Fee is $55,000. If your Designated Territory has more than 500 short-term rentals, the Initial Franchise Fee is $75,000. The Initial Franchise Fee is due and fully earned by us when you sign the License Agreement, and we do not offer any financing for the Initial Franchise Fee. It is nonrefundable and is not credited against any other obligation you have to us.

If you qualify for our Veterans Discount, meaning you are a current member of the United States military in good standing at the time of purchase or a veteran who received an honorable discharge from a branch of the United States military, we will reduce the Initial Franchise Fee by $5,000.

The Initial Franchise Fees paid by our franchisees in the fiscal year ended December 31, 2023 ranged from $65,000 to $70,000.

ITEM 6.
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	Greater of 5% of monthly Gross Revenue or the Minimum Monthly Royalty Amount (Note 1)	Payable monthly on the 20th day of the second month following the month in which the Gross Revenue was received	(Note 1)
Technology Fee	Currently, $160 per month, plus an additional $8 per month per user over 8 users at a single Business	Payable at same time as Royalty Fee	(Note 2)

Type of Fee	Amount	Due Date	Remarks
Customer Service Relationship SAAS	Currently, $1,200 to $2,400 annually	Upon invoice, billed monthly	You must license our required customer service relationship software-as-a-service from our vendor, which may include us or our affiliate
Marketing Services Fee	1% of monthly Gross Revenue	Payable at same time as Royalty Fee	Marketing Services Fees received are deposited into the System Brand Fund.
Grand Opening Program	Up to $10,000	Upon demand	(Note 3)
Local Marketing Spend	Currently, up to $20,000 per Term Year	Upon demand	(Note 4)
Marketing Assistance Fee	Currently, $100 per hour	As incurred	If you request additional marketing assistance that we agree to provide, you must pay us our current marketing assistance fee or if you request our assistance in customizing the page for your Business on our website.
Mandatory and Optional Training Fees	Currently, $180 per attendee per training session, plus travel and related expenses	Before training begins	(Note 5)
Property Management Software	Currently, $25 per property per month	As incurred	You must license our required Property Management Software from our vendor, which may include us or our affiliate. We may, upon at least 30 days' prior notice to you, increase the amount due.
SkyRun Premium Marketing Services	Currently, $150 to $3,350 per month	As incurred	Payable only if you decide to use our marketing services.
Renewal Fee	$5,000	Upon demand	Payable only if you want to renew your franchise.
Transfer Fee	$10,000	Before you transfer your franchise	Payable only if you seek to sell or transfer your Business or an interest in it or you.
Interest	Lesser of 1.5% per month or highest rate of interest allowed by applicable law	As incurred	Payable on all overdue amounts.

Type of Fee	Amount	Due Date	Remarks
Late Payment Charge	(Note 6)	As incurred	Payable on all overdue amounts, in addition to interest.
Audit	Cost of audit	Upon demand	Payable only if we audit your records and the audit shows an understatement of at least 2% of Gross Revenue for any period.
Insurance Policies	Amount of unpaid premiums plus our expenses for obtaining the policies required	As incurred	Payable only if you fail to maintain the types and limits of insurance that we require for your Business.
Indemnification	Varies	As incurred	You must reimburse us if we are sued or held liable for claims arising from your Business.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	As incurred	Payable only if we retain counsel following your breach of any obligation you have to us, or if we are successful in defending any claim you bring against us.

All fees are paid to us and are nonrefundable (except as provided below). All fees are uniform for all new franchisees. Existing franchisees may have different fees. Royalty Fees, Technology Fees, and Marketing Services Fees, and any other fees (except as provided below), are due on or before the 20th day of the second month following the month in which the Gross Revenue was received. We may, upon at least 60 days' prior notice to you, charge and collect any Royalty Fee, Technology Fee, and Marketing Services Fee or other fees on a more frequent basis, including weekly or monthly for the immediately prior month. You must pay fees and other amounts due to us via electronic funds transfer or other means that we may require. You must sign an agreement authorizing us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. A sample form of this authorization is attached to this Disclosure Document as Exhibit H.

"Gross Revenue" means all amounts, proceeds, fees, or revenue that you derive from any products or services offered to Owners or Guests in the operation of the Business, including all amounts, proceeds, fees, or revenue generated or collected whether by cash, check, or credit card or credit transaction. Gross Revenue also includes rental revenue, cleaning fees, booking fees, Guest damage waiver fees, travel insurance, pet fees, monthly management fees, maintenance services charges to Owners or Guests, and any local services up-sold to Owners or Guests (for example, revenue from porta-cribs, equipment rentals, side trips/activities, or concierge services). Gross Revenue does not include any amounts, proceeds, fees, or revenue related to any sales, use, or service taxes collected and paid to the appropriate taxing authority.

"Term Year" means the 12-month period starting on the effective date of your License Agreement (or successor license agreement), and each subsequent 12-month period thereafter, until the termination or expiration (without renewal) of your License Agreement (or successor license agreement).

If your state, or any governmental body in your state, charges a tax on any fee you owe to us or to our affiliates, then you must pay an additional amount equal to the amount of this tax. This does not apply to any federal or Colorado income taxes we or our affiliates have to pay.

Notes

Note 1. You must pay us a monthly Royalty Fee for each partial or full month equal to the greater of 5% of your monthly Gross Revenue from your Business or the applicable Minimum Monthly Royalty Amount.

The "Minimum Monthly Royalty Amount" means the following:

Term Year	Minimum Monthly Royalty Amount
1st Term Year	$350 per month, except that the Minimum Monthly Royalty Amount is waived for the first 3 months of the term of the License Agreement
2nd Term Year	$750 per month
3rd Term Year	$1,500 per month
4th Term Year	$3,000 per month
5th Term Year	$5,000 per month
Remainder of License Agreement after 5th Term Year	$5,000 per month as adjusted below

As discussed above, and if you renew your franchise and we grant you a successor license agreement (which will have an effective date starting on the expiration of your current License Agreement), the Minimum Monthly Royalty Amount for each Term Year will be $5,000 per month, adjusted annually at the start of each Term Year to reflect inflation during the previous Term Year according to the Consumer Price Index, All Urban Consumers (CPI-U), U.S. City Average, All Items (1982-84=100), published by the United States Department of Labor's Bureau of Labor Statistics, or its successors.

Note 2. The Technology Fee is to offset our expenses incurred in implementing and supporting franchisee technology that we provide, which currently includes an email account for the Business and access to Google Workspace or similar service. We may change the Technology Fee on 30 days' prior notice to you. We may modify or terminate these technology services at any time. You will still need to purchase or subscribe for various additional technology for your Business

Note 3. You must spend a minimum of $10,000 on grand opening marketing and advertising of your Business within the first 3 months after you commence operation of your Business (the "Grand Opening Program"). You must obtain our approval of the Grand Opening Program before implementation, and you must submit receipts of your Grand Opening Program expenditures. If you fail to spend the minimum required amount on the Grand Opening Program, you must contribute to the System Brand Fund the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements.

Note 4. In addition to the Grand Opening Program, once you commence operation of your Business, you must spend at least $20,000 per Term Year on approved local marketing activities (see Item 11). You must obtain our approval of all local marketing activities before implementation, and you must submit receipts of your local marketing expenditures. If you do not meet this yearly requirement by the end of any Term Year, you must contribute to the System Brand Fund the difference between what you actually spent on approved local marketing and the minimum that you were required to spend on approved local marketing during the past Term Year. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements. Amounts you spend for the Grand Opening Program discussed above will not count toward your monthly expenditure requirements.

Note 5. We may periodically provide mandatory training, including if we determine you or your Manager are not meeting our standards, or if we require you to offer additional or different products or services from your Business. If we provide it, you or one of your staff members that we approve must attend the training. Any new Manager of your Business must complete our Initial Training Program before working at the Business. We may periodically also provide optional training. You must pay us our then-current training fee for these mandatory and optional trainings. Our current training fee for these additional trainings is $180 per attendee per training session as we may require. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your employees incur in attending this training.

Note 6. Subject to state law, we may terminate your License Agreement if you fail to pay any fees when due. We may also, at our option, charge an additional late payment charge (in addition to interest) for any past due amounts. We will withhold and collect an additional 5% of Gross Revenue for every 30 days that the amount is past due, which amount will escalate by 5% every 30 days the amount is past due. For example, if an account is 30 days past due, we can elect to be paid an additional 5% of Gross Revenue (on top of the standard Royalty Fee and Marketing Services Fees). If you are 90 days past due, you must pay us an additional 15% of Gross Revenue (on top of the standard Royalty Fee and Marketing Services Fees). This can occur up to 6 months past due.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure (Note 1)	**Low Amount**	**High Amount**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee (Note 2)	$55,000	$75,000	Lump sum	Upon signing License Agreement	Us
Technology Fees – 3 Months (Note 3)	$480	$480	As incurred	Monthly	Us
Additional Technology Services (Note 4)	$600	$1,500	As incurred	Monthly	Vendors
Technology Hardware (Note 5)	$1,000	$3,000	As incurred	Before opening	Vendors
Real Estate Costs (Note 6)	$0	$500	As incurred	As incurred	Vendors
Furniture, Fixtures, and Supplies (Note 7)	$1,500	$2,500	As incurred	Before opening	Vendors
Training Expenses (Note 8)	$2,500	$3,000	As incurred	As incurred	Vendors
Business Licenses and Permits and Professional Fees	$3,000	$5,000	As incurred	As incurred	Vendors and government agencies
Insurance (Note 9)	$1,000	$3,000	As incurred	As incurred	Vendors
Grand Opening Program (Note 10)	$10,000	$10,000	As incurred	As incurred	Vendors or us
Local Marketing – 3 Months (Note 11)	$5,000	$5,000	As incurred	As incurred	Vendors or us
Additional Funds and Working Capital – 3 Months (Note 12)	$25,000	$45,000	As incurred	As incurred	Us, vendors, and government agencies
Total (Note 13)	**$105,080**	**$153,980**			

Notes

Note 1. This table is an estimate of your initial investment to start a Business that you operate from a leased office space of about 200 square feet; you may, however, operate your Business from a home office. None of these payments are refundable (except as provided below).

These estimates are based on the experience of our affiliates in opening and operating company-owned SkyRun Businesses in Colorado.

Note 2. The Initial Franchise Fee is described in Item 5.

Note 3. The Technology Fee is described in Item 6. These estimates include the first 3 months of the current Technology Fees and assume you have less than 8 users in a single location.

Note 4. In addition to the Technology Fee payable to us, we currently require that you subscribe to additional technology services from our approved vendors or that meet our specifications, depending on the technology service. These estimates include the first 3 months of mobile telephone service and high-speed Internet service, as well as the first 3 months of the license fee for our required customer relationship management software-as-a-service (which costs $1,200 to $2,400 annually but is billed monthly typically after you start operations of your Business, payable to our required vendor, which may include us or our affiliate).

Note 5. These estimates are for the computer and technology hardware that we require. You must purchase and use at a minimum, 1 mobile phone system with voicemail and 1 computer per person working for your Business. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor.

Note 6. The high estimate is based on a Business operated from a leased office space of about 200 square feet. Real estate costs depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and whether you are leasing or buying. Rent will vary depending upon the location of the premises and other related factors. The prepaid rent is usually nonrefundable. Our high estimate assumes you will lease space for your Business and these assumptions are based on our affiliate's costs in leasing office spaces in Colorado; leasing costs will vary in other markets. If you choose to purchase, rather than rent, real estate on which a building suitable for your Business already is constructed or could be constructed, your real estate costs will be higher. While we recommend that you operate your Business from a leased office space, you may operate your Business from a home office. The low estimate is based on a Business operated from a home office.

Note 7. These estimates are for the basic office furniture and other supplies, including office supplies and cleaning supplies, that you will initially need for your Business. The low estimate assumed you are operating from your home and already have many of these items.

Note 8. You, and your Manager if your Business is not owner-operated, must successfully complete Phase 1 of our Initial Training Program within 90 days after you sign the License Agreement but in any event before you commence operation of your Business. Phase 2 must be completed within 120 days after you sign the License Agreement. We do not charge for the Initial Training Program for attendees attending the Initial Training Program together before you commence operation of your Business. You must also pay for airfare, meals, transportation costs, salaries, benefits, lodging, and incidental expenses for all attendees. The low estimate assumes only you, as the owner-operator of your Business, attend the Initial Training Program and that you either drive to training or obtain a discounted airfare and budget hotel accommodations. The high estimate assumes you and 1 other attend the Initial Training Program together and that your travel costs are higher. The Initial Training Program will be held in Colorado, virtually, or at another location we specify. Your actual costs will vary depending on the distance to be traveled, your method of travel, and your personal circumstances. Your costs will also be higher if you have additional people attend this training, or if you have people attend a different training session than the one you attend.

Note 9. Your insurance must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations, and subrogation waivers. We currently require you to carry commercial general liability insurance with a combined single limit for personal injury, bodily injury and property damage in limits of not less than $1,000,000 per occurrence and $2,000,000 in the general aggregate, covering all products and completed operations; commercial automobile liability insurance with a combined single limit for bodily injury and property damage of at least $1,000,000 each occurrence to include coverage for all owned, non-owned, and hired vehicles; worker's compensation insurance complying with the law of the state(s) in which the Designated Territory is located; commercial umbrella liability/excess liability insurance with limits of not less than $2,000,000 in the aggregate; cyber liability and data breach insurance with limits of not less than $500,000; employment practice liability insurance with limits of $1,000,000 per occurrence/aggregate, including third party coverage for sexual harassment, discrimination, and other coverable employment-related torts. This estimate is for an initial deposit of 3 months for these insurance policies.

Note 10. You must spend a minimum of $10,000 on the Grand Opening Program for your Business within the first 3 months after you commence operation of your Business. You must obtain our approval of the Grand Opening Program before implementation, and you must submit receipts of your Grand Opening Program expenditures. If you fail to spend the minimum required amount on the Grand Opening Program, you must contribute to the System Brand Fund the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements.

Note 11. In addition to the Grand Opening Program, once you commence operation of your Business, you must spend at least $20,000 per Term Year on approved local advertising via local marketing campaigns and promotional programs and Internet advertising and Internet search engine campaigns. You must obtain our approval of all local marketing activities before implementation, and you must submit receipts of your local marketing expenditures. If you do not meet this yearly requirement by the end of any Term Year, you must contribute to the System Brand Fund the difference between what you actually spent on approved local marketing and the minimum that you were required to spend on approved local marketing during the past Term Year. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements. These estimates include the prorated minimum local advertising spend requirement for the first 3 months of operation of your Business.

Note 12. This amount includes estimated operating expenses you should expect to incur during the first 3 months of operation of your Business, excluding any salary/distributions you may take and any fees payable to us. However, the high estimate includes compensation for one full-time employee for the initial three-month period.

Note 13. This is only an estimate of your initial investment and is based on our estimate of costs and market conditions prevailing as of the issuance date of this Disclosure Document and are based on our affiliates operating SkyRun Businesses in Colorado. You should review these figures carefully with a business and a legal advisor before making any decision to purchase a franchise. We do not offer financing for any part of the initial investment. The availability and terms of financing will depend on factors like the availability of financing generally, your credit worthiness, your relationship with local banks, your business experience, and any additional collateral you may offer to a lender to secure the loan. Our estimates do not include any finance charges, interest, or debt service obligations.

ITEM 8.
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Specifications

Most of the inventory and supplies, furniture, fixtures, and equipment, design and décor, branded items and signage, supplies, including linens, computer hardware and software, technology, marketing materials and methods, vehicles, insurance, and products you purchase for use or sale at your Business, must meet our specifications. Those specifications may include minimum standards for delivery, performance, design, appearance, and quality. We will issue the specifications to you before you begin operating, or as they are updated. We may include these specifications in the manual that we provide to you either hard copy or on-line, or we may issue them separately. You must obtain our approval before you use any advertising materials you prepare, and before you establish any web page, social media, and/or social networking site, profile, account, or hashtag that refers to us, your Business, or the System.

You can expect that the items you purchase to meet our specifications will represent approximately 20% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that meet our specifications will represent approximately 10% your total annual expenses.

Required Purchases and Suppliers

Although we have specifications for many of the items and services you will use in the operation of your Business except as stated below, we do not currently require you to purchase any items from a third party supplier we approve. You must purchase from our required vendor, which may include us or our affiliate, our required property management software. This is the only property management platform or software you may use in the operation of your Business. You must also purchase from our required vendor, which may include us or our affiliate, our required customer relationship management software-as-a-service.

In the future we may designate other sole suppliers for items or services you must use in your Business. We, an affiliate or an unrelated third party may be a sole supplier. In this situation, you will not be permitted to purchase the items or service from another party.

We and our affiliates may sell products and services to you for use in your Business. If we or our affiliates sell any of these items to you we and our affiliates expect to earn a profit on any items or services we sell to you. As discussed above, we may require you to purchase products or services from suppliers we approve. These suppliers may pay rebates or other amounts to us. There are no caps or limitations on the amounts we may receive from suppliers as a result of franchisee purchases. These amounts may be a flat fee or percentage amount based on purchases. These suppliers may also provide us goods or services free or at reduced rates based on your purchases. They may also provide us and our affiliates with credits on purchases we and our affiliates make from them based on the volume of purchases our franchisees make from them.

In the fiscal year ended December 31, 2023, we received $16,750 from the sale or lease of required goods or services to franchisees which is approximately .006% of our total revenues of $2,735,091. This information was taken from our audited financial statements.

Our officers do not own any interest in any of our suppliers other than any affiliates of ours.

Technology

You must purchase and use at a minimum, 1 mobile phone system with voicemail and 1 computer per person working for your Business. You may also purchase a desk phone for additional functionality. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor. You must subscribe to additional technology services and software from us or our affiliates or our approved vendors, or that meet our specifications, depending on the technology service; these services include mobile telephone service and high-speed Internet service, TNS, and a customer relationship management software-as-a-service.

Insurance

Your insurance must meet our specifications, including type, amount, minimum deductibles, insurance carrier rating, additional insured designations, and subrogation waivers. Your insurance policies must name us as an additional insured, and you must provide a certificate of insurance to us before beginning operation of your Business. We currently require you to carry the following lines of insurance: commercial general liability insurance with a combined single limit for personal injury, bodily injury and property damage in limits of not less than $1,000,000 per occurrence, $2,000,000 in the general aggregate, covering all products and completed operations; commercial automobile liability insurance with a combined single limit for personal injury, bodily injury and property damage of at least $1,000,000 each occurrence to include coverage for all owned, non-owned, and hired vehicles; worker’s compensation insurance complying with the law of the state(s) in which the Designated Territory is located; commercial umbrella liability/excess liability insurance with limits of not less than $2,000,000 in the aggregate; cyber liability and data breach insurance with limits of not less than $500,000; employment practice liability insurance with limits of $1,000,000 per occurrence/aggregate, including third party coverage for sexual harassment, discrimination, and other coverable employment-related torts.

Approval of Alternative Specifications or Suppliers

If you want to purchase or use items or services for your Business that differ from our specifications or from a supplier we have not approved (assuming we have designated an approved supplier for the item and we have not designated a sole supplier for the item), you must notify us in writing. If we request, you must submit samples and other information we require for testing or to otherwise determine whether the product, material, service, or supply meets our specifications and quality standards. We do not impose any fee for our consideration.

Although we do not make available the criteria we review when approving suppliers, we consider various factors including whether the product or service is consistent with our concept and brand; how the supplier and/or their products or services would enhance our brand; if the product or service is already available through other sources; would approval of another vendor enhance competition or dilute our ability to maximize pricing benefits for our franchisees; whether the product or service fits with our System; is the product of a commercial quality with a proven record of durability; and the supplier’s data privacy practices. If we approve an alternative supplier, the supplier must have a data privacy compliance plan that meets our specifications and all data privacy laws and regulations. We will generally notify you of our approval or rejection within 90 days of our receipt of all the information and samples we request; if we do not notify you within this period, the supplier is deemed rejected. If we revoke approval of any supplier or any item offered by a supplier, we will send you written notice of our revocation of an approved supplier or item, or update our manual accordingly.

Negotiated Prices

We may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees.

Material Benefits

We do not provide material benefits, such as renewing or granting additional franchises, based on your use of designated or approved suppliers.

Cooperatives

We do not have any purchasing or distribution cooperatives as of the issuance date of this Disclosure Document.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

License Agreement

This table list 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 Franchise Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 9	Items 7 and 11
b. Pre-opening purchases/leases	Sections 8 and 9	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Sections 8 and 9	Items 7 and 11
d. Initial and ongoing training	Sections 8 and 9	Items 5, 6, and 11
e. Opening	Sections 8 and 9	Items 7 and 11
f. Fees	Sections 3 and 9	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Sections 5, 6, 8, and 9	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Sections 5, 6, and 7	Items 13 and 14
i. Restrictions on products/services offered	Sections 4 and 9	Items 8, 11, and 16
j. Warranty and customer service requirements	Sections 5, 8, and 9	Items 6 and 16
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 5 and 9	Items 5, 6, and 8
m. Maintenance, appearance, and remodeling requirements	Sections 5 and 9	Items 5 and 6

Obligation	Section in Agreement	Disclosure Document Item
n. Insurance	Section 10	Items 7 and 8
o. Advertising	Sections 8 and 9	Items 5, 6, 7, and 11
p. Indemnification	Section 10	Item 6
q. Owner's participation/ management/staffing	Section 9	Item 15
r. Records and reports	Section 9	Not applicable
s. Inspections and audits	Sections 6.8 and 9	Item 6
t. Transfer	Section 13	Items 6 and 17
u. Renewal	Section 11	Items 6 and 17
v. Post-termination obligations	Section 12	Item 17
w. Non-competition covenants	Section 14	Items 15 and 17
x. Dispute resolution	Section 15	Item 17
y. Other: Guaranty of franchise obligations	Guaranty (which follows the License Agreement)	Item 15

TravelNet Supplier Agreement

This table list 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 Franchise Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Not applicable	Not applicable
c. Site development and other pre-opening requirements	Not applicable	Not applicable
d. Initial and ongoing training	Not applicable	Not applicable
e. Opening	Not applicable	Not applicable
f. Fees	Section 1	Not applicable
g. Compliance with standards and policies/operating manual	Not applicable	Items 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
h. Trademarks and proprietary information	Not applicable	Not applicable
i. Restrictions on products/services offered	Not applicable	Not applicable
j. Warranty and customer service requirements	Section 4	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Not applicable	Not applicable
m. Maintenance, appearance, and remodeling requirements	Not applicable	Not applicable
n. Insurance	Not applicable	Not applicable
o. Advertising	Not applicable	Not applicable
p. Indemnification	Section 5	Item 6
q. Owner's participation/ management/staffing	Not applicable	Not applicable
r. Records and reports	Not applicable	Not applicable
s. Inspections and audits	Not applicable	Not applicable
t. Transfer	Section 11	Item 17
u. Renewal	Not applicable	Not applicable
v. Post-termination obligations	Not applicable	Item 17
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Section 14	Item 17

ITEM 10.
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

Pre-Opening Assistance

Before you commence operation of your Business, we or our designee will:

1. Define the Designated Territory for your Business (License Agreement – Section 4).

2. Provide the Initial Training Program (License Agreement – Section 8).

3. Loan you a copy of our Operations Manual, which contains various information including mandatory and suggested specifications, standards, and procedures (License Agreement – Section 8). We may provide the Operations Manual electronically only. We may modify any manual periodically in our discretion. As of the issuance date of this Disclosure Document, our Operations Manual contains 254 pages. A copy of the table of contents of our Operations Manual is attached to this Disclosure Document as Exhibit C.

4. Provide you marketing collateral, as well as web and digital templates, which may include post-stay emails for Guests, collateral templates for post cards, Owner presentations, and printed materials for real estate agents (License Agreement – Section 8).

5. Provide your Business a subdomain or subpage on our or our affiliate's website, along with a template for the content of the subdomain or subpage (License Agreement – Section 8).

6. Provide you access to TNS, our property management software (License Agreement – Section 8 and TravelNet Supplier Agreement).

7. Provide you with a list of specifications and approved suppliers for certain equipment, supplies, and services for your Business (License Agreement – Section 8.3).

Post-Opening Assistance

During the term of the License Agreement, we or our designee will:

1. Provide annual and quarterly planning and review meetings (License Agreement – Section 8).

2. Provide additional optional training at your request and expense and additional required training at your expense as needed (License Agreement – Section 8).

3. Provide reasonable telephone or website chat access to our personnel to provide you consultative advice in starting and managing your Business (License Agreement – Section 8).

4. Maintain and administer the System Brand Fund (License Agreement – Section 3.4).

5. Provide additional marketing assistance that you request and which we agree to provide if you pay us our current Marketing Assistance Fee (License Agreement – Section 9.2).

6. Provide you marketing collateral, which may include post-stay emails for Guests, collateral templates for post cards, Owner presentations, and printed materials for real estate agents (License Agreement – Section 8).

7. Provide forms and templates which you may use or modify for your Business, as we direct (License Agreement – Section 8).

8. Provide you access to TNS, our property management software (License Agreement – Section 8 and TravelNet Supplier Agreement).

9. Upon your request, and at your expense, update the information on your Business subdomain or subpage located on our or our affiliate's website (License Agreement – Section 8).

10. Provide you access to the SkyRun phone system for inbound and outbound free calling when using the SkyRun desk phone to local phone numbers and from the SkyRun 877 number (License Agreement – Section 8).

10. Provide you with a list of the specifications and approved suppliers (if any) for certain equipment, supplies, and services for your Business (License Agreement – Section 8.3).

11. Sell to you equipment, supplies, inventory, and other services required for your Business, as we may make available (License Agreement – Section 8).

Training

Initial Training Program

You, and your Manager if your Business is not owner-operated, must successfully complete our Initial Training Program (License Agreement – Sections 8.1 and 9). We break our Initial Training Program into 2 phases. In Phase 1 you will complete the subjects described in the table below through Operations and Accounting. In Phase 2 you will complete the remainder of the subjects. Phase 1 of the Initial Training Program must be started within 30 days of the date you sign your License Agreement and completed to our satisfaction within 90 days of the date you sign your License Agreement. Phase 2 must be completed to our satisfaction within 120 days from the date you sign your License Agreement. If you or your Manager, if required, fail to complete those phases of the Initial Training Program within the times above we may terminate the Franchise Agreement and retain all amounts paid to us. Any (License Agreement – Section 9.1).

The portions of the Initial Training Program that are not at your location will usually be conducted in Colorado at a location we specify (typically at our headquarters, in a conference room, or at one of our affiliate's locations), or virtually, as we determine. This training will be held on an as-needed basis as we sell franchises. We do not charge for the Initial Training Program for attendees attending the Initial Training Program together before you commence operation of your Business. You will be responsible for all travel and living expenses you and your attendees incur in attending the training. If you or any other attendee fail to complete the Initial Training Program to our satisfaction, we may terminate the License Agreement and we will not reimburse the Initial Franchise Fee.

Our Initial Training Program as of the issuance date of this Disclosure Document consists of approximately 8 to 10 days of training. A breakdown of the Initial Training Program is as follows:

INITIAL TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Introduction to SkyRun	7-8	0	Colorado
Homeowner Recruitment	7-8	0	Colorado
Marketing	2	0	Colorado or virtually
Reservations and Guest Services	7-8	3-4	Colorado

INITIAL TRAINING PROGRAM			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location**
Operations and Accounting	7-8	3-4	Colorado
Property Onboarding	3-4	3-4	Virtually
Revenue Management	3-4	0	Virtually
Metrics and KPIs	2	0	Virtually
Total Training Time	**38 to 44 hours**	**9 to 12 hours**	

The classroom training will be held in a conference room or office setting, or virtually. The on-the-job training will be held at one of the SkyRun Businesses owned by our affiliate or another franchisee. The instructors in charge of our Initial Training Program are Lindsey Eller and Susan Graber. Ms. Eller is our Director of Location Support, and has been with our affiliates and predecessor since 2015 as a property manager before becoming the Director of Location Support of SkyRun Partners LLC in December 2020. Ms. Graber has been with our affiliates and predecessors since 2017 as a property manager. Ms. Watkins and Ms. Graber have approximately 8 and 6 years of experience respectively in the property management field.

Our Operations Manual and various presentations will be used as the instructional materials during the Initial Training Program. The Initial Training Program is provided to protect our brand and trademarks, not to control the day-to-day operation of your Business.

Additional Training

Any new Manager must attend and successfully complete our Initial Training Program within 30 days of the start of employment or when they begin managing your Business, whichever is earlier (License Agreement – Section 8). Each of these trainings is provided at the locations and times we specify. We charge $180 per attendee for this training. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your employees incur in attending this training.

We may periodically also provide mandatory training (License Agreement – Section 8.1). If we provide it, you or one of your staff members that we approve must attend or complete the training. We may periodically also provide optional training (License Agreement – Section 8.1). These additional trainings will be held periodically depending upon the need for the training. You must pay us our then-current training fee for these mandatory and optional trainings. Our current training fee for these additional trainings is $180 per attendee per training session as we may require. The cost for this training must be paid before the training begins. You are responsible for the travel and living expenses you and your employees incur in attending this training.

Site Selection and Opening

When you sign a License Agreement, you will receive the right to operate a single Business serving a single Designated Territory, and which will be located and operated from an office space or home office that is approved by us. Before you commence operation of your Business, we will provide general guidelines to you for the selection of sites for your Business, and review any proposed sites you select. It will, however, be your obligation to select the site for your Business and to obtain our approval (License Agreement – Section 9.1). You must submit to us information and materials we require and obtain our approval of the site. The factors we take into consideration when reviewing a site include the location and proximity of the site to the demographics of the surrounding area, whether the site is on a main thoroughfare, size and type of the proposed premises, and the proximity of the site to your Designated Territory. We do not conform the premises to local ordinances and building codes or obtain any required permits for you, and we do not construct, remodel, or decorate the premises. If we have not approved a location for your Business within 30 days of the execution of the License Agreement we can terminate your License Agreement and retain all amounts you have paid to us and our affiliates, if any (License Agreement – Section 9.1).

You may not commence operation of your Business until: (1) we notify you in writing that all of your pre-opening obligations have been fulfilled; (2) you and your Manager (if your Business is not owner-operated) have completed Phase 1 of our Initial Training Program to our satisfaction and you certify that you have provided all of your employees with the training we require; (3) you have furnished us with copies of all insurance policies and certificates required by the License Agreement, or other documentation of insurance coverage and payment of premiums we request; (4) you notify us that all approvals and conditions in the License Agreement have been met; (5) you have obtained all required permits and licenses; and (6) we have launched a website for your Business. You must commence operation of your Business within 90 days of the date you sign your License Agreement (License Agreement – Section 9.1). If you do not, we can terminate your License Agreement and retain all amounts you have paid to us. You will commence operation of your Business after you successfully complete Phase 1 of the Initial Training Program as described below.

We estimate that the typical length of time between signing of the License Agreement and commencing operation of your Business will be between 45 and 90 days. However, it may take you longer than this period to find and list your first Properties. Some factors that may affect this timing include how long it takes you to select a suitable site for your Business, how long it takes you to complete our Initial Training Program, any shortages or delays in obtaining any supplies and inventory, whether, your ability to secure any necessary licenses, permits, insurance coverage, and financing, and the time it takes to find your first Properties.

Advertising/Marketing

System Brand Fund

Under the License Agreement, you must contribute a monthly Marketing Services Fee to the SkyRun system-wide brand fund (the "System Brand Fund"). The Marketing Services Fee is 1% of monthly Gross Revenue from the prior month. All our franchisees contribute to the System Brand Fund, and the SkyRun businesses we or our affiliates own will also contribute to the System Brand Fund while our franchisees are contributing to the System Brand Fund. SkyRun licensees who have converted to our franchise model may pay a different System Brand Fund depending upon the terms of their prior agreement with our predecessor.

We account for the contributions to the System Brand Fund separately from our other revenues, and we do not use them to pay any of our general operating expenses other than our costs of administering the System Brand Fund and for creative services, including salaries and overhead of the individuals performing these tasks. The purpose of the System Brand Fund is to develop and implement marketing programs and materials that benefit the SkyRun brand and promote the Marks. This means we may use monies in the System Brand Fund for any purpose that promotes the SkyRun name, including the creation, production, and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio, and written advertisements; to pay for direct mail and other media advertising, including radio and Internet advertising, Internet search engine campaigns, email marketing campaigns, and the cost to maintain and update our or our affiliate's websites and web pages, and for social media, and social networking sites, profiles and accounts, for the cost of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions and programs including System sales training; customer relationship and engagement programs; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities (License Agreement – Section 3.4).

We may create marketing materials in-house or use national, regional, and local agencies. Advertising may be placed in local, regional, or national media of our choice, including print, direct mail, electronic and online advertising, radio, or television. We do not guarantee that expenditures from the System Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. It is our responsibility to determine how these monies are spent. We are not required to use monies in the System Brand Fund to benefit any individual market. However, we will not spend any portion of these monies for advertising principally designed to solicit the sale of franchises. In the fiscal year ended December 31, 2023, 35% of expenditures from the System Brand Fund were on electronic marketing, 21% on photography, video, and design, 3% on lists and direct mail, 1% on branded materials, 13% on public relations, 14% on Internet/SEO, and 13% on miscellaneous marketing items.

Any unused amounts in the System Brand Fund in any calendar year will be carried over to the following year. We will use any interest the System Brand Fund earns for marketing before we use any principal. At your request, we will make available to you an annual accounting for the System Brand Fund that shows how the System Brand Fund proceeds were spent for the previous year, but these statements will not be audited. We may, but have no obligation to, loan amounts to the System Brand Fund and can determine the repayment obligation of the System Brand Fund, including interest rate of the loan and repayment terms, as we see fit.

We do not have an advertising council that advises us on advertising policies. If we form one, we anticipate it will only be advisory, as we will make all final decisions as to the use of the System Brand Fund.

Local Marketing

Grand Opening Program

You must spend a minimum of $10,000 on the Grand Opening Program for your Business within the first 3 months after you commence operation of your Business (License Agreement – Section 9.2). You must obtain our approval of the Grand Opening Program before implementation, and you must submit receipts of your Grand Opening Program expenditures. If you fail to spend the minimum required amount on the Grand Opening Program within the timeframe discussed above, you must pay us the difference between what you actually spent on the Grand Opening Program and the minimum that you were required to spend on the Grand Opening Program and we will put it in the System Brand Fund. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements.

Local Advertising Spend Requirement

In addition to the Grand Opening Program, once you commence operation of your Business, you must spend at least $20,000 per Term Year on approved local advertising via local marketing campaigns and promotional programs, direct mail, email campaigns, Internet advertising, and Internet search engine campaigns (License Agreement – Section 9.2). You must obtain our approval of all local marketing activities before implementation, and you must submit receipts of your local marketing expenditures. If you do not meet this yearly requirement by the end of any Term Year, you must pay us the difference between what you actually spent on approved local marketing and the minimum that you were required to spend on approved local marketing during the past Term Year and we will put it into the System Brand Fund. Indirect costs you incur in managing your local advertising campaigns, such as salaries and benefits of your employees, will not count towards these minimum expenditure requirements. Additionally, any costs you incur for advertising conducted at your Business, such as on-location materials and signage or banners, will not count towards these minimum expenditure requirements. Amounts you spend for the Grand Opening Program discussed above will not count toward your monthly expenditure requirements.

Any local marketing must be limited to your Designated Territory, unless we otherwise approve. You must obtain our prior approval of all local advertising and marketing you engage in for your Business, whether in your Designated Territory or elsewhere (if approved by us). Your use of the Marks and other materials identifying our brand must be consistent with our approved standards. You may not use the Marks or other materials identifying our brand on items to be sold or services to be provided without our prior written approval. You may not establish, or have established for you, any websites, hashtags, profiles, or accounts that refer to us, your Business, or to the System, unless we otherwise approve (License Agreement – Section 6.3). You are ultimately responsible for ensuring that your advertising and marketing complies with all applicable laws before implementing it.

Advertising Cooperatives

Although we can require you to, we do not currently require our franchisees to participate in a local or regional advertising cooperative. If we do, we will define the area of membership of the cooperative and determine how much you must contribute to the cooperative. If we establish a cooperative in a market serviced by Businesses we or our affiliates own, they will participate in the cooperative too. We will be responsible for administering any cooperatives. We do not anticipate any cooperatives will operate from governing documents or prepare annual or periodic financial statements, but if they do, we will make them available to you upon request. We have the power to form, change, dissolve, or merge these cooperatives.

Technology

Technology Hardware

You must purchase and use at a minimum, 1 mobile phone system with voicemail and 1 computer per person working for your Business. You may also purchase a desk phone for additional functionality. All of these items must meet our specifications, including those related to model, brand, and functionality, but can be purchased from any vendor. You will use the computer to access TNS, perform accounting functions, complete forms and reporting, maintain financial information, produce reports, email correspondence with Owners and Guests, us, and others, and access any other computer software we require for the Business.

We estimate the total cost to purchase the required items above to be approximately $1,000 to $3,000. We do not have any obligation to upgrade or maintain these items. Although most new computers come with a limited warranty we are not aware of any third parties with an obligation to upgrade or maintain these items.

Technology Services

The computers discussed above must contain the computer software we require, including Google Workspace. The software is not proprietary to us. Some of the software will come preinstalled on a computer. You must pay us a Technology Fee (see Item 6). We will also provide you with access and you must use TNS, our property management software. You will use this software for reservation management accounting, operational tracking and billing, to create custom metrics and reporting, and to assist with pricing. You must also subscribe to additional technology services and software that meet our specifications; these services currently include mobile telephone service and high-speed Internet service, TNS, and a customer relationship management software-as-a-service. For programs that are not preinstalled, you will need to purchase them and install them on your computer. You must renew your software licenses as required. We estimate the cost for the above computer software and additional technology services to be $2,400 to $6,000 per year.

Ongoing Maintenance and Use

We are not obligated to provide you with ongoing maintenance, repairs, upgrades, or updates to the technology discussed above. We may require you to upgrade or update your technology during the term of the franchise (License Agreement – Section 9.11). We do not have any contractual obligation to upgrade or update any of your hardware or software during the term of this franchise.

You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. We can independently access your electronic information and data (including any information or data provided or used through TNS or our or our affiliate's website), and collect and use this electronic information and data in any manner we choose without any compensation to you. There is no contractual limitation on our right to receive or use information we obtain from you. You must protect yourself from viruses, computer hackers, and other communication and computer-related problems.

ITEM 12.
TERRITORY

When you sign a License Agreement, you will receive the right to operate a single Business serving a single Designated 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.

Designated Territory

When we approve the site for your Business, we will also grant you a territory within which you must operate your Business. We refer to this territory as the "Designated Territory" and we describe it in your License Agreement. Depending upon the amount of your Initial Franchise Fee, your Designated Territory will generally cover an area with up to 300 short-term rental properties in it or approximately 1,000 short-term rental properties, in all cases based on available AirDNA data at the time of signing your License Agreement. However, the exact size will depend upon various factors including natural boundaries like highways and bodies of water, the demographics of the area, including the number of short-term rental properties in the area, whether your Business is located in or near an urban, suburban, or rural area or tourist or resort attractions, and the size of your Business. Your Designated Territory will not change even if the number of short-term rentals or population in your Designated Territory change.

We prefer, but do not require, that your Business be operated from a location within your Designated Territory. Other SkyRun franchisees or we or our affiliates may be operating their or our Businesses from locations within your Designated Territory. However, as long as you are in compliance with your License Agreement and any other agreements with us and any of our affiliates, we will not operate or grant a third party the right to operate a residential vacation property management and rental business under the SkyRun® or SkyRun® Vacation Rentals marks that services, lists, or rents Properties that are physically located in your Designated Territory.

Other than this limitation there are no other prohibitions on us in your Designated Territory. We can acquire businesses which may service, list, or rent residential rental properties within your Designated Territory, or sell our business, whether through a sale of assets or stock, to anyone, regardless whether they operate or franchise the operation of businesses similar to your Business. We can operate or allow others to operate similar or identical businesses that service, list, or rent Properties that are physically located outside of your Designated Territory under the SkyRun® or SkyRun® Vacation Rentals marks or under any other trademarks even if the businesses compete with your Business in your Designated Territory. We can also operate or allow others to operate businesses inside the Designated Territory under any marks, including the SkyRun® or SkyRun® Vacation Rentals marks, if the businesses do not provide residential vacation property management or rental services.

Restrictions within Designated Territory

You may only service, list, and rent Properties that are physically located within your Designated Territory. Other franchisees or Businesses we or our affiliates own may solicit or serve Owners who are physically located in your Designated Territory as long as they or we are not servicing, listing, or renting Properties that are physically located within your Designated Territory. However, you cannot solicit Owners via the Internet, telemarketing, or other direct marketing efforts unless we approve of those efforts, and generally those activities must be limited to your Designated Territory. In any event, all of your advertising and marketing must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, relating to or making reference to us, your Business, the Marks, or the System. You may not offer for sale, lease, or rent any Properties through any other channels of distribution, other than through us or our approved distribution channels, without our prior written consent. We do not pay any compensation for soliciting or accepting orders from customers.

Relocation

You must obtain our approval before you relocate the site of your Business. We will allow you to relocate the site of your Business if the new site meets our other then-current requirements for a site.

Options and Rights of First Refusal

You will not receive any options, rights of first refusal, or similar rights to acquire additional franchises. You may not operate an additional Business, whether in your Designated Territory or elsewhere, unless you acquire additional franchise rights from us and sign another License Agreement.

Competing Brands

Neither we, nor our affiliates, offer franchises under different trademarks that sell goods and services that are similar to those you will offer from your Business.

ITEM 13.
TRADEMARKS

Principal Marks

The License Agreement gives you the right to operate a Business under the trade names, trademarks, and service marks that we establish. Our affiliate, Partners, has registered the following service mark on the Principal Register of the United States Patent and Trademark Office ("USPTO"), which we consider our principal Mark:

Mark	Registration Number	Registration Date
SkyRun	3511691	October 7, 2008

We obtained the rights to use the principal Mark and all other marks, logos, commercial symbols, and other intellectual property owned by our affiliate, and to license others to use these items, under an Intellectual Property License Agreement dated July 8, 2022, between us and our affiliate, Partners. Under the terms of that Intellectual Property License Agreement, our affiliate may continue to operate businesses under these or other Marks, provided it does not operate a residential vacation property management and rental business under the SkyRun® or SkyRun® Vacation Rentals marks that services, lists, or rents Properties that are physically located in any Designated Territory granted to any of our franchisees. We are not restricted in any way in which we use these items and the length of the Intellectual Property License Agreement is indefinite. We therefore essentially have all the rights as the owner of the intellectual property to license others to use the intellectual property. If this Intellectual Property License Agreement were terminated you would have to stop using the Marks and all other intellectual property licensed to us under the Intellectual Property License Agreement.

All affidavits required to preserve and renew the principal Mark disclosed above have or will be filed. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings, or any pending material litigation involving any of our Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or rights in any of these Marks. No currently effective agreement limits our right to use or license the use of these Marks and we do not know of any infringing uses that could materially affect your use of these Marks.

You must follow our standards when you use our Marks. You may not use any of our Marks alone or with modifying words, designs, or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, hash tags, e-mail addresses, locators, links, metatags, or search techniques. You may not use any of our Marks for the sale of any unauthorized product or service or in a manner we have not authorized in writing.

We have an obligation to protect and maintain your rights to use the Marks against encroachment, misuse, or unauthorized use or against any challenges to any rights of use. You must notify us immediately when you learn about an infringement of or challenge to your use of these Marks. We may take the action necessary, in our sole discretion, to prevent the unauthorized use of the Marks, including bringing actions against third parties regarding the use of any of the Marks, but the Franchise Agreement does not require us to take any specific affirmative action. We will control any administrative proceedings or litigation involving the Marks. You must cooperate with us and take all actions we require to carry out the defense or prosecution. We are not required to defend you against a claim based on your use of the Marks.

We may change the Marks and require you to adopt new marks as if they were part of the Franchise Agreement at the time you sign it. You must comply with these changes immediately after we notify you that we have discontinued, modified, or changed one or more of the Marks. You must pay all amounts you incur to make these changes. We will have no liability or obligation because of the discontinuation, modification, or change. You must not directly or indirectly contest the validity of the Marks or our right to use or license the Marks, trade secrets, confidential information, or business techniques that are part of our System. You must use the designations of ®, TM, and SM in advertising and promotions using the Marks, as we designate.

ITEM 14.
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or pending patent applications that are material to the purchase of a franchise. We claim copyright protection for our Operations Manual and to advertising and promotional materials, forms, and related materials that we produce, but we have not registered any of these materials with the Copyright Office of the Library of Congress. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your License Agreement.

There are currently no effective determinations of the United States Copyright Office, USPTO, or any court regarding any of our copyrighted materials, nor are any proceedings pending, nor are there any currently effective agreements between us and third parties pertaining to our copyrighted materials that will or may significantly limit your use of our copyrighted materials. We are not aware of any infringing uses of these materials that could materially affect your use of these materials. We are not required by any agreement to protect or defend our copyrights.

We will be disclosing to you certain information we believe to be confidential or proprietary information and trade secrets, including our products and services, software, marketing and pricing methods, and other methods and techniques. This will be included in our training, Operations Manual, and in materials we may separately provide you. You may use these materials, in the manner we approve, in the operation of your Business during the duration of your License Agreement. However, you may not use these materials in any other way for your own benefit, or communicate or disclose them to, or use them for the benefit of, any other person or entity. These materials include all trade secrets, knowledge or know-how, confidential information, advertising, marketing, designs, plans, or methods of operation. You may disclose this information to your Manager and staff but only to the extent necessary to operate the Business, and then only while your License Agreement is in effect.

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

We prefer that you participate personally, on a full-time basis, in the operation of your Business. If you do not your business must be directly supervised by a Manager but you will still be responsible for the operation of the Business. You or one of your majority owners if you are not an individual can hold this position. You and your Manager (if your Business is not owner-operated) must have successfully completed our Initial Training Program. Your Manager does not need an ownership interest in your Business but must sign non-competition and confidentiality agreements that restrict them to the same extent as you are restricted under the License Agreement.

If you are a corporation, limited liability company, or partnership or you transfer your License Agreement to a corporation, limited liability company, or partnership, you and any other owners must sign a personal guaranty of all obligations under the License Agreement. This personal guaranty also includes an agreement to be bound by the confidentiality and noncompete provisions of the License Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the products and services we specify, and you may not sell other products or services through your Business without our prior written approval. You cannot operate other businesses from your Business.

We can also limit the type of products or services you may sell. We can change the products or services we allow you to offer at any time. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when providing products or services through your Business. We can also implement pricing policies, such as maximum price policies, and minimum advertised price policies, and you must abide by these policies.

You may only list for rent Properties physically located within your Designated Territory. You cannot solicit Owners via the Internet, telemarketing, or other direct marketing efforts unless we approve of those efforts, and generally those activities must be limited to your Designated Territory. In any event, all of your advertising and marketing must be approved by us, and you must obtain our written approval before you establish any website, web page, or social networking or social media site, profile, account or hashtag, relating to or making reference to us, your Business, the Marks, or the System. You may not offer for sale, lease, or rent any Properties through any other channels of distribution, other than through us or our approved distribution channels, without our prior written consent.

Membership, Gift Card, Loyalty, and Rewards Programs

We may periodically develop and implement membership, rewards, loyalty, and pre-paid programs for Guests. If we set up a membership, rewards, loyalty, or pre-paid program for Guests, we may require you to honor the terms and conditions of these programs for Property booking through your Business. You must also participate in all gift card, gift certificate, and coupon or promotional programs we establish, and honor the terms and conditions of these programs through your Business. We will provide in our manuals our current policies and practices for allocating funds generated from the sale or redemption of gift cards, gift certificates, and reward or loyalty points that involve multiple Businesses. You may not create or issue your own gift cards, gift certificates, or rewards or loyalty programs, or other coupon or promotional programs. We may modify, change, or discontinue these programs at any time and without notice to you.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

License Agreement

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

Provision	Section in License Agreement	Summary
a. Length of the franchise term	Section 11.1	10 years
b. Renewal or extension of the term	Section 11.2	If you are in good standing and you meet our conditions, you can renew your franchise for an additional 10-year period.
c. Requirements for you to renew or extend	Section 11.2	Give written notice; sign successor license agreement (which may contain materially different terms and conditions than your original License Agreement); upgrade your Business and update your technology to comply with then-current standards; sign general release; pay Renewal Fee.
D. Termination by you	Section 12.1	You may terminate only if we default and do not cure our default after receiving notice from you.
e. Termination by us without cause	None	Not applicable.
f. Termination by us with cause	Section 12	We may terminate only if you default.
g. “Cause” defined – curable defaults	Section 12.3	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults), subject to state law variations.

Provision	Section in License Agreement	Summary
h. “Cause” defined – non-curable defaults	Section 12.3	You fail to commence operation of the Business within 90 days of the date of your License Agreement; you abandon the Business; you or any of your owners are convicted of, or plead guilty or no contest to, certain crimes; you lose a license or permit necessary to operate the Business; you maintain false books or records or submit any false or misleading application, statement, or report to us; you commit a default 2 or more times within a 12 month period (whether or not cured); you misuse the Marks or materially impair the value of, or the goodwill associated with the Marks or the System; the TravelNet Supplier Agreement terminates or expires for any reason; or failure to fully fund any trust accounts required by us.
i. Your obligations on termination/non-renewal	Section 12.6	Stop operating the Business, stop using our names and the Marks, the System of Operation, and TNS, return information to us, and pay all amounts you owe us. You must also cease servicing all Owners and Properties within your Designated Territory and transfer all Owner accounts to us.
j. Assignment of contract by us	Section 13.1	No restriction on our right to assign.
k. “Transfer” by you – defined	Section 13.2	Includes transfer of the License Agreement or Business, or transfer of majority control of the License Agreement or of the Business.
l. Our approval of transfer by franchisee	Section 13.2	We must approve all transfers, but will not withhold our consent if all of the requirements for the transfer are met.
m. Conditions for our approval of transfer	Section 13.3	Transferee must meet our requirements, including having all necessary licenses or permits to operate a Business and sign a new license agreement on our then-current form for the remaining term of your License Agreement (the new license agreement will start the Royalty Fee based on your Term Year at the time of transfer, but we will not require the transferee to pay us a new initial franchise fee). You must also pay a Transfer Fee and sign a release (subject to state law).
n. Our right of first refusal to acquire your business	Section 13.4	We can match any offer for your Business or an interest in the Business, including a sale between owners or between an owner and you.
o. Our option to purchase your business	None	Not applicable.

Provision	Section in License Agreement	Summary
p. Your death or disability	Section 13.3	Your heirs can assume your rights, but if they do, they must meet the transfer requirements.
q. Non-competition covenants during the term of the franchise	Section 14.1	No involvement in any residential vacation property management or residential vacation rental business.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.2	For 2 years, no involvement in any residential vacation property management or rental business that is located, renting or managing properties, or otherwise operating within your Designated Territory or the designated territory of any other SkyRun Business. You must cease servicing all Owners and Properties within your Designated Territory and transfer all Owner accounts and Property listings to us.
S. Modification of the agreement	Section 17	No modifications without consent by both you and us, but our manuals are subject to change.
t. Integration/merger clause	Section 17	Only the terms of the License Agreement and other written agreements are binding (subject to applicable state law). Any representations or promises outside of this disclosure document and the License Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 15	Except for certain disputes, all disputes must be first mediated, and if not settled by mediation, are then subject to litigation.
v. Choice of forum	Section 15	Subject to state law, litigation must be in Colorado.
w. Choice of law	Section 17	Subject to state law, Colorado law generally applies.

TravelNet Supplier Agreement

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

Provision	Section in TravelNet Supplier Agreement	Summary
a. Length of the term	Section 6	Continues until the termination of all of Franchisee’s obligations under the License Agreement.
b. Renewal or extension of the term	None	Not applicable.

Provision	Section in TravelNet Supplier Agreement	Summary
c. Requirements for you to renew or extend	None	Not applicable.
d. Termination by you	None	Not applicable.
e. Termination by us without cause	Section 6	Terminates automatically upon the termination of the License Agreement.
f. Termination by us with cause	Section 1	We may terminate if you default.
g. “Cause” defined – curable defaults	None	Not applicable.
h. “Cause” defined – non-curable defaults	None	Not applicable.
i. Your obligations on termination/non-renewal	Sections 1 and 7	Stop using TNS and comply with post-termination provisions, including indemnification and confidentiality provisions. You must also provide us with all customer/client information, lists and other information we request and assign to us all customer/client accounts and all outstanding property management service agreements and customer agreements, and take all other actions we require to facilitate the assignment of all accounts and agreements to us, including transferring any deposits you are holding in connection with these accounts or agreements.
j. Assignment of contract by us	Section 11	No restriction on our right to assign.
k. “Transfer” by you – defined	Section 11	Includes transfer of the TravelNet Supplier Agreement.
l. Our approval of transfer by franchisee	Section 11	You cannot assign this Agreement without our prior approval.
m. Conditions for our approval of transfer	None	Not applicable.
n. Our right of first refusal to acquire your business	None	Not applicable.

Provision	Section in TravelNet Supplier Agreement	Summary
o. Our option to purchase your business	None	Although we have no purchase option, you must assign to us all customer/client accounts and all property management service agreements and customer agreements upon the termination or expiration of your Franchise Agreement with us.
p. Your death or disability	None	Not applicable.
q. Non-competition covenants during the term of the franchise	None	Not applicable.
r. Non-competition covenants after the franchise is terminated or expires	None	Not applicable.
s. Modification of the agreement	Section 15	No modifications without consent by both you and us.
t. Integration/merger clause	Section 15	Only the terms of the TravelNet Supplier Agreement and other written agreements are binding (subject to applicable state law).
u. Dispute resolution by arbitration or mediation	Section 14	All disputes are subject to litigation.
v. Choice of forum	Section 14	Subject to state law, litigation must be in Colorado.
w. Choice of law	Section 14	Subject to state law, Colorado law generally applies.

ITEM 18.
PUBLIC FIGURES

We currently do not use any public figure to promote the sale of franchises.

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

As of December 31, 2023 there were 31 SkyRun franchised Businesses in the SkyRun franchise System and 6 affiliate-owned Businesses. The affiliate-owned Businesses all operated for the entire 12 month period ended December31, 2023. Of the franchised Businesses 16 had operated for the entire 12 month period ended December 31, 2023. We excluded one franchised Business as it was operated by our affiliate before being sold to a franchisee in November 2023 and two licensed businesses that left the system in 2023. We also excluded 16 franchised Businesses because they had not operated for the entire 12 month period ended December 31, 2023. Of these Businesses, 13 were excluded because they began operating in 2023 and 2 were excluded because they permanently closed in 2023. Of the 2 franchised Businesses that permanently closed, both operated for less than 12 months before closing.

In the tables below we have provided certain information related to the affiliate-owned and SkyRun franchised Businesses that operated for the entire 12-month period ended December 31, 2023. We have broken this information into two charts below. With respect to each chart we have provided information related to: (i) those franchised Businesses that had operated for at least 12 months but less than 24 months as of December 31, 2023 ("New Businesses"); (ii) those franchised Businesses that had operated in the SkyRun System for 24 months or longer as of December 31, 2023 ("Experienced Businesses"); and (iii) the affiliate-owned Businesses, all of which had operated for longer than 24 months as of December 31, 2023. There were 3 New Businesses and 13 Experienced Businesses.

The affiliate-owned Businesses opened between April 2004 and December 2022. The New Businesses opened between May 2022 and December 2022. The Experienced Businesses opened between May 2009 and August 2021. All of the franchised Businesses had converted from licensees of our predecessor to franchisees in our System. All of these Businesses offered substantially similar services and products to those offered by our franchise System. All of the information disclosed below is for the time period beginning January 1, 2023 and ending December 31, 2023.

Average Annual Properties Under Management[1]

	New Businesses	Experienced Businesses	Affiliate-owned Businesses
Average Annual Properties under Management	15	59	65
%/# of Businesses that met or exceed Average	33%/1	38%/5	50%/3
Median	15	44	50
High	30	203	161
Low	1	10	10

1. "Average Annual Properties Under Management" for each of the categories (New Businesses and Mature Businesses) was determined by calculating the total number of residential properties under contract

for rental at any time during 2023 for all of the Businesses in each of the categories and dividing such amount by the total number of Businesses in the applicable category.

<u>**Average Annual Gross Revenue**</u>[1,2]

	New Businesses	Experienced Businesses	Affiliate-owned Businesses
Average Annual Gross Revenue	$185,314	$1,495,656	$2,999,509
%/# of Businesses that met or exceed Average	33%/1	68%/9	33%/2
Median	$237,741	$738,116	$1,965,191
High	$311,287	$7,049,802	$7,492,522
Low	$6,914	$391,913	$693,117

1. “Average Annual Gross Revenue” in the chart above for each of the categories (New Businesses and Mature Businesses) is calculated by determining the total amount of Gross Revenues for all of the Businesses in each of the categories and dividing that amount by the total number of Businesses in the applicable category.

2. “Gross Revenue” includes all amounts derived from any products or services offered to owners or guests in the operation of the Business. It includes rental revenue, cleaning fees, booking fees, Guest damage waiver fees, travel insurance, pet fees, and any local services up-sold to owners or guests. Gross Revenue excludes any amounts related to any sales, use, or service taxes collected and paid to the appropriate taxing authority. This is consistent with the definition of Gross Revenues in the Franchise Agreement.

NOTES APPLICABLE TO ALL ITEM 19 FORMATION

These outlets have earned these amounts. Your individual results may differ. There is no assurance you’ll earn as much.

Percentages were rounded to the nearest whole percent and dollar amounts to the nearest dollar.

The information disclosed in this Item 19 does not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenues information to calculate net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Business. Franchisees or former franchisees listed in this Disclosure Document may be one source of this information.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or 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 Lukas Krause at 390 Interlocken Crescent, Suite 350, Broomfield, Colorado 80021 and 970-660-4422, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023 (Note 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	19	21	+2
	2022	21	22	+1
	2023	22	31	+9
Company-Owned (Note 2)	2021	6	6	0
	2022	6	6	0
	2023	6	6	0
Total Outlets	**2021**	**25**	**27**	**+2**
	2022	**27**	**28**	**+1**
	2023	**28**	**37**	**+9**

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our predecessor and by our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Years 2021 to 2023 (Note 1)

State	Year	Number of Transfers
Florida	2021	0
	2022	0
	2023	1

State	Year	Number of Transfers
Total	**2021**	**0**
	2022	**0**
	2023	**1**

Note 1. The numbers for each year are as of December 31.

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Colorado	2021	7	0	0	0	1	0	6
	2022	6	1	1	0	0	0	6
	2023	6	3	1	0	0	0	8
Florida	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	5	1	0	0	0	7
Hawaii	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
	2023	0	1	1	0	0	0	0
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
New Mexico	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
South Carolina	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	1	0	0	0	1
Texas	2021	3	0	0	0	0	0	3
	2022	3	3	2	0	0	0	4
	2023	4	0	1	0	0	0	3
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Vermont	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
Total	**2021**	**19**	**4**	**1**	**0**	**1**	**0**	**21**
	2022	**21**	**5**	**4**	**0**	**0**	**0**	**22**
	2023	**22**	**15**	**6**	**0**	**0**	**0**	**31**

Note 1. The numbers for each year are as of December 31.

Table No. 4
Status of Company-Owned Outlets
For Years 2021 to 2023 (Notes 1 and 2)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Colorado	2021	4	0	1	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
Florida	2021	2	0	0	0	1	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Mexico	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	1	0
Total	**2021**	**6**	**0**	**1**	**0**	**1**	**6**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2022	**6**	**0**	**0**	**0**	**0**	**6**
	2023	**6**	**1**	**0**	**0**	**1**	**6**

Note 1. The numbers for each year are as of December 31.

Note 2. These outlets are owned by our affiliates.

Table No. 5
Projected Openings
As of December 31, 2023 (Note 1)

State	License Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	1	4	0
Florida	1	5	0
Georgia	0	1	0
Montana	0	1	0
Nevada	0	1	0
North Carolina	0	2	0
South Carolina	0	2	0
Texas	0	2	0
Utah	0	1	0
Total	**2**	**19**	**0**

Note 1. While we are looking for prospective franchisees in the states listed above, we cannot know in advance where we might find prospects. We will add franchises wherever we find qualified prospects.

The SkyRun Businesses owned by our affiliates are listed in Exhibit D. We or our predecessor had 4 franchisees who have had a License Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily, ceased to do business under the License Agreement during the fiscal year ended December 31, 2023, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document, which are listed in Exhibit D. During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not created, sponsored, or endorsed any franchise organization and no independent franchisee organization has asked to be included in this Disclosure Document.

ITEM 21.
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E is a copy of our audited financial statements for the fiscal years ended December 31, 2023 and December 31, 2022. We were organized on June 28, 2022. We have not been in business for 3 years and therefore cannot provide 3 years of financial statements.

Attached to this Disclosure Document as Exhibit E is a copy of our Balance Sheet and Profit and Loss Statement as of and for the 2-month period ended February 29, 2024. These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

ITEM 22.
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document:

Exhibit A. Attached to this Disclosure Document as Exhibit A are state specific addenda to the Disclosure Document, if any.

Exhibit F. Attached to this Disclosure Document as Exhibit F is a copy of the form License Agreement; state specific addenda to the License Agreement, if any; Statement of Ownership and Management; and form of a Guaranty to be signed by shareholders of a corporate franchisee, members of a limited liability company franchisee, or partners of a partnership franchisee. Also attached is a transfer form if you want to sell, assign, or transfer your License Agreement to a corporation, limited liability company, or partnership you own; and an example of a release you must sign if you want to sell, assign, or transfer your License Agreement to an unrelated third party or to an entity or partnership you do not own or control.

Exhibit G. Attached to this Disclosure Document as Exhibit G is a copy of the form TravelNet Supplier Agreement for the use of the property management software, TNS.

Exhibit H. Attached to this Disclosure Document as Exhibit H is a copy of a sample Electronic Transfer of Funds Authorization authorizing us to initiate one-time, weekly, and/or monthly ACH debit and credit entries against your bank account for amounts that become due and payable by you to us or any affiliate.

Exhibit I. Attached to this Disclosure Document as Exhibit I is a Franchisee Questionnaire you must complete at the time you purchase a franchise.

ITEM 23.
RECEIPTS

The last 2 pages of this Disclosure Document are detachable documents acknowledging receipt of this Disclosure Document. Please sign both receipt pages and return one to us.

EXHIBIT A
STATE SPECIFIC ADDENDA
TO DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE CALIFORNIA FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited Franchise Disclosure Document, the following provisions shall supersede and apply to all SkyRun franchises offered and sold in the state of California:

The California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. **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.**

2. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the disclosure document.

3. Item 3 of the Disclosure Document is supplemented by the following paragraph:

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

4. Item 17 of the Franchise Disclosure Document is amended by the insertion of the following:

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

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

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

   The license agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

5. 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.

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

7. California civil Code Section 1671 restricts or prohibits the imposition of liquidated damage provisions.

8. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

9. The license agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.

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

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE HAWAII FRANCHISE INVESTMENT LAW

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited Franchise Disclosure Document, the following provisions shall supersede and apply to all SkyRun® franchises offered and sold in the state of Hawaii:

Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required deferral of all initial fees that are to be paid to the Franchisor until the Franchisor's pre-opening obligations to the franchisee have been fulfilled and the franchisee is open for business.

The Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. The SkyRun Franchising Limited Franchise Disclosure Document is currently registered (or exempt from franchise registration) in the states of: California, Hawaii, Michigan, Minnesota, Rhode Island, Virginia, and Wisconsin.

2. The states in which SkyRun Franchising Limited's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Michigan, Minnesota, Rhode Island, Virginia, and Wisconsin.

3. No state has refused, by order or otherwise, to register the SkyRun® franchise.

4. No state has revoked or suspended the right to offer SkyRun® franchises.

5. SkyRun Franchising Limited has not withdrawn the proposed registration of the SkyRun® Franchise Disclosure Document in any state.

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

7. The state cover page of the SkyRun Franchising Limited Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE

REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE MINNESOTA FRANCHISE ACT

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited Franchise Disclosure Document, the following provisions shall supersede and apply to all SkyRun® franchises offered and sold in the state of Minnesota:

The Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Items 5 and 7 of the FDD are amended to include the following:

> "Based upon the Franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial franchise fees owed by franchisees shall be deferred until the business opens."

2. In Item 17 it is disclosed that litigation must be in Colorado and that Colorado law generally applies to our agreements. However, Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

4. Item 13 is revised to include the following language:

> To the extent required by the Minnesota Franchise Act, we will protect your rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.

5. Item 17(c) and 17(m) are revised to provide that we cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.

6. We are prohibited from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

7. We will comply with Minnesota Statute Section 80C.17 Subd. 5 with respect to limitation of claims.

8. NSF checks are governed by Minnesota Statute Section 604.113, which puts a limit of $30 on service charges.

9. 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 a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

10. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE RHODE ISLAND FRANCHISE INVESTMENT ACT

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited Franchise Disclosure Document, the following provisions shall supersede and apply to all SkyRun® franchises offered and sold in the state of Rhode Island:

The Rhode Island Addendum is only applicable if you are a resident of Rhode Island or if your business will be located in Rhode Island.

1. The following sentence is added to Item 17:

> "Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE VIRGINIA RETAIL FRANCHISING ACT

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

1. The Virginia State Corporation Commission Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by the Franchisee to the Franchisor until the Franchisor meets its pre-opening obligations under the License Agreement.

2. The following language is added to the end of the "Summary" section of Item 17 (e), entitled "Termination by us without cause":

> "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 ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable."

3. The page Special Risk(s) to Consider about *This* Franchise is amended with the addition of the following:

> "4. **Estimated Initial Investment**. The franchisee will be required to make an estimated initial investment ranging from $105,080 to $153,980. This amount exceeds the franchisor's member's deficient as of December 31, 2023, which is $603,623."

4. 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 a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited Franchise Disclosure Document, the following provisions shall supersede and apply to all SkyRun franchises offered and sold in the state of Wisconsin:

> The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and License Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the License Agreement that are inconsistent with the Wisconsin Fair Dealership Law, Wis. Stat. Ch. 135.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without reference to this Addendum.

EXHIBIT B
LIST OF STATE AGENCIES AND
AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process
California	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 Tel: 1-866-275-2677 (toll free) Email: Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 Tel: 1-866-275-2677 (toll free)
Connecticut	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103 Tel: 860-240-8299	
Florida	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 Tel: 850-245-6000	
Georgia	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 Tel: 404-656-3790	
Hawaii	Hawaii Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 Tel: 808-586-2744	
Illinois	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 Tel: 217-782-4465	

State	State Administrator	Agent for Service of Process
Indiana	Securities Commissioner Indiana Securities Division 302 West Washington Street, Rm. E-111Indianapolis, IN 46204 Tel: 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
Iowa	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 Tel: 515-281-4441	
Kentucky	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 Tel: 502-696-5389	
Louisiana	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 Tel: 504-342-7013 (gen. info.) Tel: 504-342-7900	
Maine	Department of Business Regulations State House - Station 35 Augusta, ME 04333 Tel: 207-298-3671	
Maryland	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 Tel: 410-576-6360	Maryland Securities Commissioner Same Address

State	State Administrator	Agent for Service of Process
Michigan	Michigan Department of Attorney General Consumer Protection Division Franchise Unit G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 Tel: 517-373-7117	
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 Tel: 651-539-1638	Minnesota Commissioner of Commerce Same Address Tel: 651-539-1600
Nebraska	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tel: 402-471-2171	
New Hampshire	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 Tel: 603-271-3641	
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 Tel: 212-416-8222	New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231 Tel: 518-473-2492
North Carolina	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 Tel: 919-733-3924	

State	State Administrator	Agent for Service of Process
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 14th Floor, Dept. 414 Bismarck, ND 58505-0510 Tel: 701-328-4712	North Dakota Securities Commissioner Same Address
Ohio	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 Tel: 614-466-8831 Tel: 800-282-0515	
Oklahoma	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 Tel: 405-521-2451	
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 Tel: 503-378-4387	
Rhode Island	Rhode Island Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Center – Building 68-2 Cranston, RI 02920 Tel: 401-462-9527	Director, Rhode Island Department of Business Regulation Same address
South Carolina	Secretary of State P.O. Box 11350 Columbia, SC 29211 Tel: 803-734-2166	

State	State Administrator	Agent for Service of Process
South Dakota	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 Tel: 605-773-3563	
Texas	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 Tel: 512-475-1769	
Utah	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 Tel: 801-530-6601 Fax: 801-530-6001	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 Tel: 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 Tel: 804-371-9733
Washington	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504 Tel: 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 Tel: 360-902-8700
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 Tel: 608-266-2139	Wisconsin Commissioner of Securities Same Address

EXHIBIT C
TABLE OF CONTENTS OF
OPERATIONS MANUAL

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CHAPTER ELEVEN SOFTWARE

EXHIBIT D
LIST OF OUTLETS

Company-Owned Outlets

The following outlets are owned by our predecessor or affiliates as of December 31, 2023:

Name	City	State	Address	Phone Number
SkyRun Aspen LLC	Aspen	Colorado	800 S. Mill St. #305A Aspen, CO 81611	970-236-2444
SkyRun Condos, LLC	Beaver Creek	Colorado	680 Lionshead Place #522 Vail, CO 81657	970-331-0073
Vacation Rentals of Breckenridge, LLC	Breckenridge	Colorado	400 N. Park Avenue #10B PMB421 Breckenridge, CO 80424	970-300-1815
SkyRun Partners, LLC	Broomfield	Colorado	390 Interlocken Crescent, Suite 350 Broomfield, CO 80021	970-660-4422
SkyRun Vacation Rentals, LLC	Vail	Colorado	680 Lionshead Place #522 Vail, CO 81657	970-331-0073
SkyRun South Florida LLC	Miami	Florida	330 SW 27th Avenue, Suite 508 Miami, Florida	786-382-0652

Franchised Outlets

The following outlets are franchised as of December 31, 2023:

Name	City	State	Address	Phone Number
Maria and Peter Vlahos	Phoenix	Arizona	1890 E Sagittarius Pl Chandler, AZ 85249	480-462-5884
Rod and Leslie Heier	Lake Tahoe	California	10040 E. Harney Lane Lodi, CA 95240	530-214-4131
Alex and Paula Soria	San Clemente	California	1 Via Jarabe San Clemente, CA 92673	949-514-0390
Cornelius Atkins*	San Diego	California	3911 Cleveland Ave. Suite 33748 San Diego CA. 92103	858-703-5581
Laura Poladsky	Boulder	Colorado	6540 Empire Avenue Frederick, CO 80516	720-330-3490
Anne Greenleaf and Josh Gillon	Colorado Springs	Colorado	2250 Captstone Court Colorado Springs, CO 80919	717-343-1121

Name	City	State	Address	Phone Number
Paul Myers	Copper Mountain	Colorado	800 Copper Road #3338 Copper Mountain, CO 80443	970-300-1831
Sebastien Guite	Denver	Colorado	992 Pinecliff Drive Erie, CO 80516	720-728-1956
Paul Myers and Mike Phillips	Frisco	Colorado	W1194 Illinois Ave. Green Lake, WI 54941	970-300-1817
Wanda and Wayne Cooley	Grand Junction	Colorado	1404 Q Road Loma, CO 81524	970-610-0101
Megan and Louis Gutschenritter	Steamboat	Colorado	PO Box 772732 Steamboat Springs, CO 80477	970-315-0209
Rachel Scott and Bryan Scott	Winter Park	Colorado	PO Box 3486 Winter Park, CO 80482	970-627-4610
Matthew and Alexa Cooper	Anna Maria	Florida	7720 Drayton Cir. Bradenton, FL 34201	941-241-3055
David Seay	Destin	Florida	26 S. Blue Heron Drive Santa Rosa Beach, FL 32459	850-460-3410
Hans Kirkegaard	Longboat Key	Florida	1975 Gulf of Mexico Drive Unit G4-104 Longboat Key, Florida 34228	414-803-4000
Sean and Bobbi Jo Duggan	Marco Island	Florida	4300 Raffia Palm Circle Naples, FL 34119	763-257-4842
Kimberly Layton	Naples	Florida	12437 Lockford Lane Naples, FL 34120	239-350-5015
Chris and Stephanie Inman	Orlando	Florida	3863 Grassland Loop Lake Mary, FL 32746	407-955-9177
Randy Ringpfiel	St. Augustine	Florida	157 Westcott Parkway St. Augustine, FL 32095	904-822-9400
Joy Cadet*	West Palm Beach	Florida	PO Box 938601 Margate, FL 33093	954-501-4451
Rich and Toni White	Kailua-Kona	Hawaii	77-236 Hoomohala Rd Kailua Kona, HI 96740	808-736-1001
Paul Fistori	Cape Cod	Massachusetts	29 Tarragon Drive East Sandwich, MA 02537	508-776-5118
Doug Bowers	Santa Fe	New Mexico	1066 Camino San Acacio Santa Fe, NM 87505	619-278-8700

Name	City	State	Address	Phone Number
Jake and Alyssa Moore Greg and Tina Beam	Broken Bow	Oklahoma	6701 Nob Hill Court North Richland Hills, TX 76182	580-407-4040
Rod and Alice Turnage	Charleston	South Carolina	PO Box 964 Isle of Palms, SC 29451	843-886-1750
Jon Hilfiger	Kiawah	South Carolina	4062 Blackmoor St. Mount Pleasant, SC 29466	843-588-1905
Brady Hayden Ethan Hodge	Nashville	Tennessee	100 Forest Trail Brentwood, TN 37027	615-610-9952
Brandon Abeling	Austin	Texas	225 Cross Mountain Trail Georgetown, TX 78628	512-520-0132
Michael Munson	Austin	Texas	1204 Anna Ct. Cedar Park, TX 78613	512-900-4757
Amaica Sells	Dallas	Texas	4804 Sawgrass Ct. Irving, Texas 75038	480-793-0024
Michael and Fonda LeClerc	Park City	Utah	50 Shadow Ridge Dr. Park City, UT 84060	435-214-2055
Rachel Scott and Bryan Scott	Killington	Vermont	27 Unicorn Circle Amesbury, MA 01913	802-760-6917
Paul Myers	Long Lake	Wisconsin	800 Copper Road #3338 Copper Mountain, CO 80443	715-674-2255

* License Agreement signed but outlet not opened as of December 31, 2023.

The following outlets were terminated, canceled, not renewed, or otherwise voluntarily or involuntarily, ceased to do business during the fiscal year ended December 31, 2023, or had not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

Name	City	State	Phone Number
Greg Rosener	Estes Park	Colorado	970-235-5550
Chad Crane*	Destin	Florida	615-878-1274
Christina Ow	Tampa	Florida	813-694-1994

Nick Hartland	Chicago	Illinois	773-900-4141
Matt Albert*	Gatlinburg	Tennessee	865-505-7005
Melanie Tucker*	Galveston	Texas	409-908-4822
Todd Birkholz*	Lake Geneva	Wisconsin	262-686-1800

* Denotes a licensee of our predecessor.

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

EXHIBIT E
FINANCIAL STATEMENTS

NOTICE ABOUT UNAUDITED FINANCIAL STATEMENTS:

These financial statements have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent certified public accountant has audited these figures or expressed an opinion with regard to their content or form.

SKYRUN FRANCHISING LIMITED
Balance Sheet
As of February 29, 2024

	Feb 29, 24
ASSETS	
Current Assets	
Checking/Savings	
1000 · Cash	238,274.00
Total Checking/Savings	238,274.00
Accounts Receivable	32,544.63
Other Current Assets	271,459.64
Total Current Assets	542,278.27
Fixed Assets	11,137.24
TOTAL ASSETS	**553,415.51**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	861,718.81
Total Liabilities	861,718.81
Equity	-308,303.30
TOTAL LIABILITIES & EQUITY	**553,415.51**

2:36 PM
04/23/24
Cash Basis

SKYRUN FRANCHISING LIMITED
Profit & Loss
January through February 2024

	Jan - Feb 24	% of Income
Ordinary Income/Expense		
Income		
4000 · Franchise Income	695,833.90	99.6%
4500 · Other Income	2,876.61	0.4%
Total Income	698,710.51	100.0%
Cost of Goods Sold		
5000 · Cost of Goods Sold	15,152.75	2.2%
Total COGS	15,152.75	2.2%
Gross Profit	683,557.76	97.8%
Expense		
6005 · Commissions - New Locations	64,750.00	9.3%
6007 · Contract Labor	1,000.00	0.1%
6009 · Credit Card Fee Exp	725.30	0.1%
6020 · Dues and Subscriptions	1,202.81	0.2%
6030 · Gifts	226.27	0.0%
6120 · Interest Expense	900.83	0.1%
6200 · IT Expense	32,479.89	4.6%
6250 · Leased Employees	345,540.50	49.5%
6500 · Marketing	101,952.64	14.6%
6600 · Data and Analytics	800.00	0.1%
6705 · Office Rental	5,767.19	0.8%
6707 · - Small Office Equipment	3,905.71	0.6%
6708 · Office Supplies	77.73	0.0%
6710 · Postage & Shipping	283.60	0.0%
6720 · Printing & Copies	29.25	0.0%
6750 · Meetings	1,395.96	0.2%
6875 · Professional Fees	24,349.76	3.5%
6905 · Storage	403.32	0.1%
6910 · Training	107.78	0.0%
6925 · Travel, Meals & Enter. Expense	3,079.02	0.4%
6930 · Telephone & Cable Expense	242.16	0.0%
7005 · Purchase Discounts	-535.89	-0.1%
Total Expense	588,683.83	84.3%
Net Ordinary Income	94,873.93	13.6%
Other Income/Expense		
Other Income		
6940 · Interest Income	792.59	0.1%
Total Other Income	792.59	0.1%
Other Expense		
9999 · Suspense	0.00	0.0%
Total Other Expense	0.00	0.0%
Net Other Income	792.59	0.1%
Net Income	**95,666.52**	**13.7%**

AUDITED FINANCIAL STATEMENTS

Thoreson
Diaby
Helle
Condon
& Dodge, Inc.
CPAs & Advisors

SkyRun Franchising Limited, LLC

Financial Statements
Year Ended December 31, 2023
and for the Period from June 28, 2022
to December 31, 2022

Table of Contents

TDHCD
CPAs & Advisors

Stephen D. Helle, CPA
Michael J. Condon, CPA
Rachel A. Peters, CPA, CFE
Joseph T. Berndt, CPA

INDEPENDENT AUDITOR'S REPORT

To the CEO and Board of Directors
SkyRun Franchising Limited, LLC
Broomfield, CO

Opinion

We have audited the accompanying financial statements of SkyRun Franchising Limited, LLC (a Limited Liability Company) which comprise the balance sheets as of December 31, 2023 and 2022 and the related Statements of Loss and Member's Deficit, and Cash Flows for the year ended December 31, 2023 and for the period from inception June 28, 2022 to December 31, 2022 and the related Notes to the Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SkyRun Franchising Limited, LLC as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the year ended December 31, 2023 and for the period from inception June 28, 2022 to December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 SkyRun Franchising Limited, 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 SkyRun Franchising Limited, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

600 Hwy 169 South, Suite 300
Minneapolis, Minnesota 55426
Phone 763 545 2353 I Fax 763 354 7059
www.tdhcd.com

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 SkyRun Franchising Limited LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SkyRun Franchising Limited 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.

Thoresen Diaby Helle Condon & Dodge, Inc.

Minneapolis, MN
April 22, 2024

FINANCIAL STATEMENTS

SkyRun Franchising Limited, LLC
Balance Sheets

	December 31	
	2023	2022
Assets		
Current assets		
Cash	$ 148,288	$ 64,521
Accounts receivable, net	384,851	188,788
Prepaid commissions, current	110,803	-
Prepaid expenses	4,853	-
Note receivable, current	13,181	-
Total current assets	**661,976**	**253,309**
Other assets		
Prepaid commissions	405,621	-
Note receivable	45,771	-
Operating lease right-of-use asset, net	61,362	-
Total other assets	**512,754**	**-**
Total assets	**$ 1,174,730**	**$ 253,309**
Liabilities and Member's Deficit		
Current liabilities		
Accounts payable	$ 46,707	$ -
Advances from related party	429,117	154,286
Operating lease liability obligations, current	31,228	-
Deferred revenue - brand fund fees	-	18,066
Deferred revenue - franchise fees, current	227,000	32,500
Total current liabilities	**734,052**	**204,852**
Long-term liabilities, less current maturities above		
Deferred revenue - franchise fees	864,167	97,500
Due to related party	150,000	-
Operating lease liabilty obligations	30,134	-
Total long-term liabilities	**1,044,301**	**97,500**
Total liabilities	**1,778,353**	**302,352**
Member's deficit		
Member's deficit	**(603,623)**	**(49,043)**
Total liabilities and member's deficit	**$ 1,174,730**	**$ 253,309**

See notes to financial statements

SkyRun Franchising Limited, LLC
Statements of Loss and Member's Deficit

	Year Ended December 31 2023 Amount	Year Ended December 31 2023 Percent	Period from June 28, 2022 to December 31, 2022 Amount	Period from June 28, 2022 to December 31, 2022 Percent
Revenues				
Royalty fees	$ 1,644,569	60.1 %	$ 152,609	89.4 %
Franchise fees	173,833	6.4	-	-
Brand fund fees	312,946	11.4	7,888	4.6
Technology fees	32,360	1.2	1,500	.9
Miscellaneous fees	571,383	20.9	8,725	5.1
Total revenues	**2,735,091**	**100.0**	**170,722**	**100.0**
Cost of goods sold	**109,256**	**4.0**	**-**	**-**
Gross profit	**2,625,835**	**96.0**	**170,722**	**100.0**
Operating expenses				
Dues and subscriptions	7,432	.3	1,867	1.1
Bad debt expenses	347,176	12.7	-	-
IT expenses	198,245	7.2	10,649	6.2
Marketing	605,811	22.2	20,129	11.8
Travel	68,212	2.5	892	.5
Commission - new locations	122,426	4.5	65,580	38.4
Management fees	1,682,513	61.5	89,425	52.4
Lease expenses	35,509	1.3	-	-
Professional fees	90,361	3.3	59,928	35.1
Repairs and maintenance	2,135	.1	-	-
Data and analytics	6,029	.2	-	-
Insurance	6,233	.2	-	-
Telephone and cable	1,145	-	-	-
Miscellaneous	21,553	.8	1,345	.8
Total operating expenses	**3,194,780**	**116.8**	**249,815**	**146.3**
Loss from operations	**(568,945)**	**(20.8)**	**(79,093)**	**(46.3)**
Other income (expense)				
Interest income	14,365	.5	-	-
Total other income (expense)	**14,365**	.5	-	-
Net loss	**(554,580)**	**(20.3) %**	**(79,093)**	**(46.3) %**
Member's deficit				
Beginning of year	(49,043)		-	
Member's contributions	-		30,050	
End of year	**$ (603,623)**		**$ (49,043)**	

See notes to financial statements

SkyRun Franchising Limited, LLC
Statements of Cash Flows

	Year Ended December 31 2023	Period from June 28, 2022 to December 31, 2022
Cash flows from operating activities:		
Net loss	$ (554,580)	$ (79,093)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization of operating right-of-use asset	37,286	-
Bad debt expense	347,176	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(543,239)	(188,788)
Prepaid commissions	(516,424)	-
Prepaid expenses	(4,853)	-
Increase (decrease) in:		
Accounts payable	46,707	-
Deferred revenue - branding fund fees	(18,066)	18,066
Deferred revenue - franchise fees	961,167	130,000
Operating lease liability obligations	(37,286)	-
Net cash used by operating activities	**(282,112)**	**(119,815)**
Cash flows from investing activities		
Advance of note receivable	(60,000)	-
Receipts from repayment of note receivable	1,048	-
Net cash used by investing activities	**(58,952)**	-
Cash flows from financing activities		
Member's contributions	-	30,050
Proceeds from advances from related party, net	274,831	154,286
Proceeds from due to related party	150,000	-
Net cash provided by financing activities	**424,831**	**184,336**
Net increase in cash	**83,767**	**64,521**
Cash		
Beginning of year	64,521	-
End of year	**$ 148,288**	**$ 64,521**
Supplemental disclosure of non-cash financing activities:		
Operating lease liability obligations arising from recognition of right-of-use asset	$ 63,890	$ -

See notes to financial statements

SkyRun Franchising Limited, LLC
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Business description

SkyRun Franchising Limited, LLC (the Company), located in Broomfield, CO, is a Colorado limited liability company and wholly owned subsidiary of SkyRun Partners, LLC and was formed on June 28, 2022. The Company offers franchises for operation under the SkyRun Vacation Rentals trademark and logo of a business that provides property management and vacation rental services for third parties.

Basis of presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

Franchising

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The agreements cover a five-year period. The franchise agreements require the franchisee to pay an initial fee of $50,000 for designated territories with 500 short-term rentals or less or $70,000 for designated territories with more than 500 short-term rentals. The initial fee is due upon signature of the franchise agreement, is nonrefundable and cannot be credited against any other obligation that the franchisee has with the Company. Existing SkyRun licensees converting their business to a SkyRun franchise are not charged an initial franchise fee. Each franchisee is required to pay a monthly royalty fee of 5% of monthly gross revenue or the minimum monthly royalty amount as defined in the franchise agreement. Each franchisee is required to pay a monthly marketing services fee of 1% of monthly gross revenue. The marketing services fee proceeds are used to develop programs that benefit the franchisor's brand and promotes the trademarks. A monthly $160 technology fee plus $8 per user over eight users at a single location is also required. Subject to the Company's approval and payment of a renewal fee totaling $5,000, a franchisee may generally renew its agreement upon its expiration subject to satisfaction of certain conditions for an additional five-year period. Direct costs of sales and servicing of franchise agreements are charged to operating expenses as incurred. Franchisees that desire to sell or transfer the business or an interest in it are required to pay a transfer fee of $10,000 before the transfer takes place.

Revenue recognition

The Company accounts for revenue in accordance with FASB ASU No. 2019-09, Revenue from contracts with Customers (Topic 606), implemented from inception.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the client and is the unit of accounting in Topic 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the relative standalone selling price. The primary method used to estimate standalone selling price is the expected cost plus a margin approach, under which the Company forecasts their expected costs of satisfying a performance obligation and then adds an appropriate margin for that distinct good or service based on margins for similar services sold on a standalone basis. While determining relative standalone selling price and identifying separate performance obligations require judgment, generally relative standalone selling prices and the separate performance obligations are readily identifiable as the Company sells those performance obligations unaccompanied by other performance obligations.

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Franchise revenue

Franchise revenues consist of the initial franchise fee and renewal fees. The Company has identified the performance obligations in connection with the initial franchise fee is the intellectual property license.

Each performance obligations is considered to be a series of distinct services transferred over time. While the underlying activities may vary from day to day, the nature of the commitments are the same each day, and the franchisee can independently benefit from each day's services.

Under ASC 606, the intellectual property license portion of the initial and renewal fees, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. All initial franchise fees and renewal fees are due on the date of signing the agreement. Consideration received in advance of performing all significant services is included in deferred revenue and recorded as a liability. The remaining performance obligations included in franchise development revenue are recognized as revenue as the services are performed.

Revenue from royalties is recognized in the period in which the franchisee earns the revenue upon which this fee is based. Royalties are computed as a percentage of gross revenues earned by the franchisee or the minimum monthly royalty amount as follows:

Term Year	Minimum Monthly Royalty Amount
1st Term Year	$350 per month, except that the minimum monthly royalty amount is waived for the first three months of the term of the license agreement
2nd Term Year	$750 per month
3rd Term Year	$1,500 per month
4th Term Year	$3,000 per month
5th Term Year	$5,000 per month

For franchisees that desire to renew and for which a successor license agreement is granted, the minimum monthly royalty amount for each term year under that successor license agreement will be $5,000 per month, adjusted annually at the start of each term year to reflect inflation during the previous term year according to the Consumer Price Index.

Revenue from brand fund fees is deferred and classified as a liability until earned. Brand fund fees are computed as a percentage of gross revenue earned by the franchisee.

Revenue from technology fees is recognized in the period in which the franchisee earns the revenue upon which this fee is based.

Revenue from miscellaneous other fees is recognized in the period in which the franchisee earns the revenue upon which this fee is based.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement.

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Company did not hold any cash equivalents at December 31, 2023 and 2022. At times throughout the period, the Company's cash balances may exceed Federal Deposit Insurance Corporation (FDIC) limits. No amounts were in excess of limits at December 31, 2023 and 2022, and the Company has not experienced any losses from such accounts.

Accounts receivable

Accounts receivable evolve in the normal course of business. It is the policy of management to review the outstanding receivable balance at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for amounts deemed uncollectible. The Company believes no allowance for doubtful accounts is necessary at December 31, 2023 and 2022. Normal accounts receivable are due net 30 days from the invoice date. Extended terms may be offered on a per customer basis. The Company accrues interest on past due accounts based on terms on a per contract basis.

Advertising costs

Advertising and marketing costs are generally charged to operations in the year incurred and amounted to $605,811 and $20,129 for the period ended December 31, 2023 and 2022, respectively.

Income taxes

The Company has elected under the Internal Revenue Code to be a limited liability company structured as a single member wholly owned subsidiary of SkyRun Partners, LLC. In lieu of corporation income taxes, Skyrun Partners, LLC is taxed on the Company's taxable income or losses. Therefore, these statements do not include any provision for corporation income taxes, refunds, or deferred income taxes. For state tax purposes the member is taxed on the proportionate share of the Company's taxable income.

Uncertain tax positions

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. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax filings will not be challenged by the taxing authorities and that the Company or its member will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Company's tax filings remain open for three years. The Company has adopted the policy of expensing any interest or penalties related to uncertain tax positions in other expense on the Statements of Loss and Member's Deficit. For the years ended December 31, 2023 and 2022, there were no such interest or penalty expenses.

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

The Company's financial instruments consist of accounts receivable, note receivable, accounts payable, operating lease liability obligations, deferred revenue, due to related party, and advances from related party. It is management's opinion that the Company is not exposed to significant interest rate or credit risks arising from these instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Leases

ASC 842 requires a lessee to recognize a liability to make lease payments and an asset with respect to its right to use the underlying asset for the lease term.

Leases are to be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statements of Loss and Member's Equity.

ASU 2016-02 defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of the identified asset for a period of time, the customer has to have both (1) the right to obtain substantially all of the economic benefits from the use of the identified asset and (2) the right to direct the use of the identified asset, a contract does not contain an identified asset if the supplier has a substantive right to substitute such asset ("the leasing criteria"). Management only reassesses its determination if the terms and conditions of the contract are changed.

Management determines if an arrangement is a lease at inception. Operating leases are included in right of use (ROU) assets, and lease liability obligations are included in the balance sheet, except for those that qualify for the short-term scope exception of 12 months or less. ROU assets represent the right to use an underlying asset for the lease term and lease liability obligations represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

Starting in 2023, the Company leased certain office space with lease and non-lease components and account for such components as a single lease component. As the Company's lease does not provide an implicit rate, the Company estimated the incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU asset also includes any lease payments made and excludes lease incentives and lease direct costs. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

Subsequent events

The Company has evaluated subsequent events through April 22, 2024, the date which the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. Total member's deficit and net loss are unchanged due to these reclassifications.

NOTE 2 – FRANCHISING

Franchise revenue consisted of the following:

	Year Ended December 31, 2023	Period from June 28, 2022 to December 31, 2022
Franchise revenues		
Royalty fees	$ 1,644,569	$ 152,609
Franchise fee	173,833	-
Brand fund	312,946	7,888
Technology fees	32,360	1,500
Miscellaneous fees	571,383	8,725
Total franchise revenues	**$ 2,735,091**	**$ 170,722**

Information about the number of franchised offices is as follows:

	Year Ended December 31, 2023	Period from June 28, 2022 to December 31, 2022
Franchised locations:		
Opened	20	20
Closed	(2)	-
Sold	18	4
In operation as of December 31	**40**	**20**

Two and twenty existing Skyrun licensees converted into the franchising model and commenced operations as of December 31, 2023 and 2022, respectively.

NOTE 3 – LIQUIDITY AND MEMBER'S DEFICIT

From inception on June 28, 2022, the Company has sustained a net loss and negative working capital and, as a result, has an accumulated member's deficit of $603,623 and $49,043 as of December 31, 2023 and 2022. Since inception, the Company's operations have been funded through capital contributions from the member and cash flows from operations. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed in the future.

Subsequent to the year ended December 31, 2023, management has taken several actions to improve operating cash flows mainly through the sale of franchise agreements. As of the date these financial statements were available to be issued, the Company continues to sell franchises, and is generating royalty revenues from open and operating franchisees. The Company believes that the combination of the actions taken will enable it to meet its funding requirements for one year from the date these financial statements were available to be issued. If necessary, management of the Company has been advised that the member of the Company intends to provide any financial assistance needed by the Company should its cash flows from operations combined with its cash balances not be sufficient to meet its working capital needs.

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 3 – LIQUIDITY AND MEMBER'S DEFICIT (continued)

Management believes that the members have the intent and ability to provide the funds needed, if any, to continue to fund the operations of the Company for at least one year from the date these financial statements were available to be issued.

NOTE 4 – NOTE RECEIVABLE

During the year ended December 31, 2023, the Company entered into a note receivable agreement with Sante Fe River, LLC, a party external to the Company. Under the terms of this agreement, the Company advanced $60,000 to the borrower. The note bears interest at an annual rate of 7%. Monthly payments are required from the borrower in the amount of $1,407, which includes principal and interest. These payments are structured to continue until the full amount of the principal and the accrued interest is paid in full. The maturity of the note is based on the amortization schedule, which estimates full repayment within approximately forty-nine months. The receipt of these payments is contingent upon the borrower's financial ability to pay as agreed, and the Company has evaluated the credit risk associated with this note receivable, considering the borrower's financial condition and payment history. This note receivable is accounted for under ASC 310, Receivables, which requires that such financial instruments be recognized at the amount advanced and subsequently measured at amortized cost, subject to impairment if it is determined that it is probable that not all contracted payments will be collected. The current outstanding balance of the principal as of December 31, 2023, is $58,952.

The principal repayments expected to be received under the terms of the agreement are as follows:

Year ending December 31	Amount
2024	$ 13,181
2025	14,134
2026	15,156
2027	16,252
2028	229
Total expected principal repayments	**$ 58,952**

NOTE 5 – CONTRACT BALANCES

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as deferred revenues on the accompanying balance sheets. A summary of significant changes in deferred revenues are as follows:

	December 31, 2023	Period from June 28, 2022 to December 31, 2022
Deferred revenues – beginning of year	$ 130,000	$ -
Additions for initial franchise fees received	1,135,000	130,000
Revenue recognized during the year	(173,833)	-
Deferred revenues – end of year	**$ 1,091,167**	**$ 130,000**

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 5 – CONTRACT BALANCES (continued)

At December 31, 2023, deferred revenues are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

Year ending December 31	Amount
2024	$ 227,000
2025	237,000
2026	237,000
2027	237,000
2028	153,167
Total	**$ 1,091,167**

Deferred revenues consisted of the following:

	December 31, 2023	Period from June 28, 2022 To December 31, 2022
Franchise units not yet opened	$ -	$ 130,000
Opened franchise units	1,091,167	-
Total	**$ 1,091,167**	**$ 130,000**

The direct and incremental costs, principally consisting of commissions, are included in the prepaid commissions in the accompanying Balance Sheets. The direct and incremental costs expected to be recognized over the remaining term of the associated franchise agreements are as follows:

Year ending December 31	Amount
2024	$ 110,803
2025	110,803
2026	110,803
2027	110,803
2028	73,213
Total	**$ 516,424**

NOTE 6 – OPERATING LEASE COMMITMENTS

In January of 2023 the Company entered into an operating lease agreement for office space in Broomfield, Colorado. The agreement is set to expire November 2024 and calls for monthly base rent payments of $2,801. The lease automatically renews in one-year increments indefinitely. The company has concluded it is more likely than not to renew the lease for one additional one-year term.

SkyRun Franchising Limited, LLC
Notes to Financial Statements (continued)
December 31, 2023 and 2022

NOTE 6 – OPERATING LEASE COMMITMENTS (continued)

Below is a summary of the Company's ROU assets and related liabilities:

	December 31, 2023
Operating lease right-of-use assets, net	**$ 61,362**
Lease liability obligations	
Operating lease liability obligations, current	$ 31,228
Operating lease liability obligations, less current portion	30,134
Total lease liability obligations	**$ 61,362**
Weighted-average remaining lease term	1.92 years
Weighted-average discount rate	5.37%

During the year ended December 31, 2023 the Company recognized approximately $35,509 in operating lease costs. Operating lease costs are recorded within operating expenses in the Company's Statements of Loss and Member's Deficit.

Approximate future minimum lease payments for the Company's ROU assets over the remaining lease periods are as follows:

December 31	Amount
2024	$ 33,612
2025	30,811
Total future lease payments	**64,423**
Less: amount representing interest	(3,061)
Present value of lease payments	**$ 61,362**

NOTE 7 – RELATED PARTY TRANSACTIONS

Advances from related party

In the ordinary course of business, the Company periodically advances funds to and receives funds from an entity affiliated through common ownership. Advances to and from the affiliate are noninterest bearing and have no specific date for repayment. The balance due to related party amounted to $429,117 and $154,286 as of December 31, 2023, 2022, respectively.

Due to related party

During the year ended December 31, 2023 the Company entered into a $150,000 unsecured loan with a related party which was financed through a variable line of credit. The Company has agreed to cover all interest expenses incurred by the lender. The interest on this line is variable. The effective interest rate as of December 31, 2023, was 9.4%. The company is required to repay the loan in full within five years of the issuance date. The outstanding balance as of December 31, 2023, is $150,000.

EXHIBIT F
LICENSE AGREEMENT, STATEMENT OF OWNERSHIP AND MANAGEMENT, GUARANTY, GENERAL RELEASE, TRANSFER FORM, AND STATE SPECIFIC ADDENDA TO LICENSE AGREEMENT

SKYRUN FRANCHISING LIMITED
LICENSE AGREEMENT

This **LICENSE AGREEMENT** ("**Agreement**") is dated as of _________ 20__, (the "**Effective Date**"), by and between

1. **SkyRun Franchising Limited**, a Colorado limited liability company ("**Franchisor**"), and

2. _______________________________, a _______________________________ ("**Franchisee**").

Introduction

Franchisor and its predecessor have developed certain policies, procedures and techniques for the operation of property management and rental businesses servicing owners of vacation and other properties, which businesses are operated under the SkyRun® mark and stylized logo and use the website and URL located at www.skyrun.com, a proprietary operating system licensed to Franchisor and certain other information, know-how, processes, techniques, and business methods owned by or licensed to Franchisor. Franchisor desires to grant to qualified persons franchises to use the concepts, programs and methods of promotion developed by Franchisor and its predecessor to develop and operate a Business (as defined below). Franchisee has made application to Franchisor for a franchise and the application has been approved by Franchisor in reliance on all the representations made in the application.

NOW, THEREFORE, in consideration of the mutual promise of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Terms of Contract

The parties agree as follows:

1. Definitions and Interpretation.

1.1 Definitions. The terms set forth below shall have the ascribed meanings for all purposes of this Agreement. Other terms are defined in the text of this Agreement, and throughout this Agreement those terms shall have the meanings respectively ascribed to them.

"**Franchisee Web Page**" means a subdomain or subpage provided by Franchisor to Franchisee for its use solely in connection with and during the term of this Agreement, including all content provided by Franchisor to Franchisee for display on the Franchisee Web Page.

"**Business**" means the business franchised under this Agreement that provides property management and rental services to residential property owners and guests under the Marks and using the System.

"**Confidential Information**" means the proprietary techniques and confidential information of Franchisor or its affiliates which have value in the operation of its business, the System, and the Services and Products, and includes all information not generally known or available to the public about Franchisor's or its affiliates operations, all information that has or could have commercial value or other utility in the business in which Franchisor or its affiliates are engaged or contemplate engaging, and the terms of this Agreement. Confidential Information also includes all information the unauthorized disclosure of which could be detrimental to the interests of Franchisor or affiliates, whether or not such information is identified as Confidential Information by Franchisor, including any and all information concerning teaching techniques, processes, formulas, innovations, inventions, discoveries, improvements, research or development and test results, specifications, data, know-how, formats, marketing plans, business plans, strategies, forecasts, unpublished financial information, budgets, projections, client and supplier identities, characteristics, and agreements. Franchisor has and will also have access to confidential information of its clients ("**clients**" means any person or entity for whom Franchisor or Franchisee performs services or from whom Franchisor or Franchisee obtains information, and specifically includes both property owners and guests).

"**Gross Revenue**" means all amounts, proceeds, fees or revenue that Franchisee derives from property management services or from any Services and Products offered to guests or property owners in the operation of the Business, including all amounts, proceeds, fees or revenue generated or collected whether by cash, check or credit card or credit transaction. Gross Revenue also includes rental revenue, cleaning fees, booking fees, guest damage waiver fees, travel insurance, pet fees, monthly management fees, maintenance services charges to property owners or guests, and any local services up-sold to guests or property owners (for example, revenue from porta-cribs, equipment rentals, side trips/activities, or concierge services). Gross Revenue shall not include any amounts, proceeds, fees or revenue related to any sales, use or service taxes collected and paid to the appropriate taxing authority.

"**Intellectual Property**" means the Know-How, Trade Secrets, Website, and the Licensed Software owned or licensed by Franchisor or its affiliates.

"**Know-How**" means all rights, title, and interest in and to certain information, designs, drawings, operations manuals, compilations of technical information, research files and records, methods and specifications, quality assurance specifications, know-how, processes, business methods, learning, ability, techniques, practical knowledge, and skill utilized to market and conduct the Business.

"**Licensed Software**" is defined as the property management software, as determined by Franchisor in its sole discretion.

"**Marks**" means all trade names, trademarks, service marks, domain names, and other commercial symbols, including associated logos, now or hereafter selected, used or promoted by Franchisor and licensed to Franchisee for use in connection with the System.

"**Services and Products**" means the property management and rental services offered and sold to clients pursuant to the rights granted by this Agreement.

"**Subscription Agreement**" means the TravelNet Supplier Agreement by and between Franchisee and Franchisor or Franchisor's affiliate for the Licensed Software.

"**System**" means the standards, systems, concepts, identifications, methods, processes, procedures, techniques, and valuable business, financial, and other proprietary information, including the Intellectual Property, for the sales, marketing, implementation, and provision of Services and Products, but specifically excludes any employee policies or procedures that Franchisor may make available to Franchisee for its optional use.

"**Term Year**" means the 12-month period starting on the Effective Date of this Agreement, and each subsequent 12-month period thereafter.

"**Trade Secrets**" means trade secrets as defined by applicable law, including design, process, procedure, formula, improvement, confidential business or financial information, listing of names, addresses, or telephone numbers, or other information relating to Franchisor's business which is secret and of value to Franchisor or its affiliates.

"**Website**" means all rights, title, and interest in and to the URL and all content of the website located at www.skyrun.com and other URLs and websites linked to such site, including all subdomains and subpages.

1.2 Rules of Interpretation. In this Agreement, unless a contrary intent is clearly stated: (a) the definition ascribed to each word or phrase defined herein, and each common noun and pronoun, shall be equally applicable to both the singular and plural forms of such term and to masculine, feminine and neuter genders of such term; (b) "or" is not exclusive and includes "and/or"; (c) "including" means "including, without limitation"; (d) "shall" means 'has a duty to; is required to; (e) references to Sections, sub-sections, and Exhibits shall refer to such portions of this Agreement unless otherwise specified, all of which are part of this Agreement; (f) unless the context clearly indicates otherwise, or may otherwise require, in this Agreement the terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Agreement as a whole and not to any particular Section or subsection; (g) headings are inserted as a matter of convenience only, and do not define, limit, or describe the scope of this Agreement or the intent of the provisions hereof; (h) common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the person may in the context require ; and (i) reference to a person includes an individual, a corporation, joint venture, association, government body, firm and any other form of entity.

2. Grant of License.

2.1 Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive, non-transferable, non-sublicensable license (the "**License**") to use the System for the Term of this Agreement and the Licensed Software pursuant to the Subscription Agreement, solely in connection with operating a Business in the Territory pursuant to this Agreement.

2.2 Franchisor has the right to add to, subtract from, revise, modify or change the System or any part thereof from time to time, and Franchisee shall promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply.

2.3 The Intellectual Property and all rights therein and goodwill pertaining thereto belong exclusively to Franchisor or its affiliates, and all rights resulting from Franchisee's use of the Intellectual Property as permitted hereunder inure to the benefit of Franchisor or its affiliates. Franchisee shall not (and shall not allow any third party to): (a) decompile, disassemble, or otherwise reverse engineer the Website or the Licensed Software or attempt to reconstruct or discover any source code, underlying ideas, algorithms, file formats or programming interfaces of the Website or Licensed Software by any means whatsoever (except and only to the extent that applicable law prohibits or restricts reverse engineering restrictions); (b) distribute, sell, sublicense, rent, lease or use the Website, the System, the Licensed Software, or any software related thereto (or any portion thereof) for time sharing, hosting, service provider or like purposes; (c) remove any product identification, proprietary, copyright or other notices contained in the Website, the Licensed Software, or related software; or (d) modify any part of the Website, the Licensed Software, or related software, create a derivative work of any part of the System or Licensed Software, or incorporate the Website, the System, the Licensed Software, or any related software into or with other software, except to the extent expressly authorized in writing by Franchisor.

2.4 Franchisee shall notify Franchisor within three (3) days in writing of any act that

Franchisee believes constitutes an act of infringement by a third party either of its rights under this Agreement or of the Intellectual Property or the Marks and shall cooperate fully with Franchisor in dealing with it. Franchisor has the right but not the obligation to bring any action against persons it believes are infringing the Intellectual Property. Franchisor will have full control of the proceedings and Franchisee will provide complete cooperation to Franchisor in connection with the action.

3. Fees.

3.1 Initial Franchise Fee. On the Effective Date, Franchisee shall pay Franchisor the non-refundable initial franchise fee set forth on the Rider to this Agreement (the "**Initial Franchise Fee**").

3.2 Royalty. Franchisee shall pay Franchisor a monthly royalty fee (the "**Royalty Fee**") for each full or partial month during the Term, equal to the greater of five percent (5%) of monthly Gross Revenue or the applicable Minimum Monthly Royalty Amount for the applicable month as set forth below.

(a) For the first (1st) Term Year, the Minimum Monthly Royalty Amount shall be $350 per month, except that the Minimum Monthly Royalty Amount is waived for the first three (3) months of the Term of this Agreement;

(b) For the second (2nd) Term Year, the Minimum Monthly Royalty Amount shall be $750 per month;

(c) For the third (3rd) Term Year, the Minimum Monthly Royalty Amount shall be $1,500 per month;

(d) For the fourth (4th) Term Year, the Minimum Monthly Royalty Amount shall be $3,000 per month;

(e) For the fifth (5th) Term Year, the Minimum Monthly Royalty Amount shall be $5,000 per month;

(f) For the remainder of this Agreement after the fifth (5th) Term Year, the Minimum Monthly Royalty Amount shall be $5,000 per month, adjusted annually at the start of each Term Year to reflect inflation during the previous Term Year according to the Consumer Price Index, All Urban Consumers (CPI-U), U.S. City Average, All Items (1982-84=100), published by the United States Department of Labor's Bureau of Labor Statistics, or its successors; and

If Franchisee renews the License and Franchisor grants Franchisee a successor license agreement (which will have an effective date starting on the expiration of this Agreement), then, notwithstanding the Minimum Monthly Royalty Amount provided in such successor license agreement, the Minimum Monthly Royalty Amount for each Term Year under that successor license agreement shall be $5,000 per month, adjusted annually at the start of each Term Year to reflect inflation during the previous Term Year according to the Consumer Price Index, All Urban Consumers (CPI-U), U.S. City Average, All Items (1982-84=100), published by the United States Department of Labor's Bureau of Labor Statistics, or its successors.

3.3 Technology Fee; Additional Fees. Franchisor will provide Franchisee with certain technology services from time to time. Franchisee shall pay Franchisor at the times specified by Franchisor the then-current "Technology Fee" charged for these services, which fee Franchisor may change upon thirty (30) days' prior notice to Franchisee. Further, Franchisee shall license from Franchisor's required vendor, which may include Franchisor or its affiliate, any required customer relationship management software-as-a-service and pay the current license fee to the licensor. Franchisor may modify or terminate these technology services at any time. These are not the only technology or technology services Franchisee will need to operate its Business and Franchisee is responsible for obtaining such technology and services.

3.4 Marketing Services Fee. Franchisee shall pay to Franchisor a marketing services fee (the "**Marketing Services Fee**") equal to one percent (1%) of Gross Revenue for each full or partial month during the Term. Franchisor will deposit Marketing Services Fees received from Franchisee into a system-wide brand fund (the "**System Brand Fund**"). Disbursements from the System Brand Fund shall be made for the payment of expenses incurred by Franchisor in connection with the general promotion of the SkyRun brand and Marks, including: (a) development and production of advertising, marketing, and promotional materials; (b) the cost of formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising, Internet search engine campaigns, and email marketing campaigns, and the cost to maintain and update Franchisor's or its affiliates' websites, web pages, social media and social networking sites, profiles and accounts, and search engine optimization; (c) the cost of formulating, developing, and implementing promotional and public relations programs or campaigns, including advertising in trade publications and client relationship and engagement programs, and sales training for SkyRun franchisees and licensees; (d) market research and other advertising activities; and (e) the cost of administering the System Brand Fund, including professional fees, the cost of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the System Brand Fund and creative services, and overhead allocated to advertising activities. All interest, if any, earned by the System Brand Fund shall be used for the payment of the foregoing expenses before application of any principal to those expenses. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor. Franchisor reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, Franchisor or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency. Franchisor reserves the right to dissolve the System Brand Fund but will not do so until all the monies in the System Brand Fund have been expended. Franchisee shall not advertise in places that are primarily targeted to guests of or owners or to properties located outside Franchisee's Territory without prior consent from Franchisor.

3.5 Payment.

(a) Franchisee shall pay the Royalty Fee, Technology Fee, and Marketing Services Fee monthly on or before the twentieth (20th) day of the second month following the month in which the Gross Revenue was received. Franchisee shall pay Franchisor interest at the maximum rate permitted by law, not to exceed 1.5% month, for any past due payment. Franchisor reserves the right, upon at least sixty (60) days' prior notice to Franchisee, to charge and collect any Royalty Fee, Technology Fee, and Marketing Services Fee or other fees on a more frequent basis, including weekly or monthly for the immediately prior month.

(b) Franchisor shall have the right to implement payment procedures in the future by written notice to Franchisee, including the right to require Franchisee to remit Royalty Fees, Technology Fees, and Marketing Services Fees, and other amounts due to Franchisor or its affiliates via electronic-funds transfer or other similar means. Franchisee shall comply with all procedures specified by Franchisor and in its manuals with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section 3.5.

(c) Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement, or set off any such amounts against any amounts claimed to be due to Franchisee. If any sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any federal or Colorado income taxes imposed upon Franchisor).

3.6 Payment.

(a) Gross Revenue shall be deemed received by Franchisee at the time the Services and Products from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a client's personal check) has been received by Franchisee. By way of example, revenue from a future reservation taken when this Agreement is in effect will be subject to the Royalty Fee even if the Agreement is terminated prior to the guest arrival. Gross Revenue consisting of property or services shall be valued at the retail prices applicable and in effect at the time that they are received.

(b) In addition to interest specified in Section 3.5(a) and without forgoing Franchisor's right for termination for non-payment at any point in time after non-payment breach, if there is any amount past due or not reported, an additional five percent (5%) of Gross Revenue will be withheld by Franchisor for every thirty (30) days that the amount is past due, which amount will escalate by five percent (5%) of Gross Revenue every thirty (30) days the amount is past due. By way of example, if an account is thirty (30) days past due, Franchisor can terminate this Agreement (subject to Section 12) or elect to be paid an additional five percent (5%) of Gross Revenue (on top of the standard Royalty Fee and Marketing Services Fees). If the Franchisee is ninety (90) days past due, Franchisee must pay Franchisor an additional fifteen percent (15%) of Gross Revenue (on top of the standard Royalty Fee and Marketing Services Fees). This can occur up to six (6) months past due.

4. Territory. During the Term, Franchisor will not operate or grant a third party the right to operate a residential vacation property management and rental business under the SkyRun mark that services, lists, or rents residential vacation properties that are physically located in the geographic area defined in the Rider to this Agreement (the "**Territory**"). The boundaries of the Territory have been established based on Franchisor's criteria and will not be adjusted without the written consent of Franchisor, regardless of whether the population or the number of residential properties in the Territory increases or decreases over time. Franchisee acknowledges that its License is nonexclusive and Franchisor has the right: (a) to acquire businesses which may service, list, or rent residential rental properties within the Territory, or sell its business, whether through a sale of assets or stock, to anyone, regardless whether they operate or franchise the operation of businesses similar to the Business; (b) to operate or allow others to operate similar or identical businesses that service, list, or rent residential vacation properties that are physically located outside of the Territory under the Marks or under any other trademarks even if the businesses or their residential vacation properties compete with the Business in the Territory; or (c) to operate or allow others to operate businesses inside the Territory under any marks, including the Marks, if the businesses do not provide residential vacation property management or rental services.

5. Ownership and Use of Intellectual Property, Compliance with Laws.

5.1 Franchisee shall not dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Intellectual Property or Franchisor's or its affiliate's ownership or ability to license the Intellectual Property, nor counsel, procure, or assist anyone else to do the same. Franchisee shall not take any action that is inconsistent with Franchisor's or its affiliate's ownership or ability to license the Intellectual Property, and shall not represent that it has any right, title, or interest in the Intellectual Property other than the limited license expressly granted by this Agreement.

5.2 Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's or its affiliate's rights in the Intellectual Property, including executing and delivering to Franchisor or its affiliate such documents as Franchisor reasonably requests for any such purpose, such as assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products.

5.3 If Franchisee or any of its owners acquires, as a result of the exercise of any rights provided under this Agreement, any rights in the Intellectual Property, Franchisee shall assign or have its owners assign, and hereby assigns, all such rights to Franchisor or its affiliate.

5.4 Franchisee shall not use any materials in connection with the Business that are false or misleading. Franchisee shall ensure that all its advertising and other materials associated with the Services and Products fully conform to all applicable laws and regulations. Franchisee shall conduct its business operations in accordance with all applicable laws and regulations, including all requirements regarding licensing to provide property management services in accordance with their state, local and municipality laws. Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories, and transactions concerning clients, unless otherwise directed by Franchisor. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq., and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish.

5.5 Franchisee shall ensure that the Services and Products offered and provided by Franchisee are offered and provided in a manner that will not reflect adversely on Franchisee or Franchisor in the minds of consumers. To monitor its performance, Franchisee shall conduct surveys of its property owner clients at least annually, in the form required by Franchisor, and provide Franchisor with copies of all surveys and results. If Franchisee does not conduct the survey annually, Franchisor can conduct the survey on behalf of Franchisee.

5.6 All data stored on Franchisor's or its affiliate's systems including client (owner and guest) and reservation data, whether provided by Franchisee or otherwise, is the property of Franchisor or its affiliate, and Franchisor hereby grants a non-exclusive, non-transferable, non-sublicensable, revocable license to Franchisee to use such data during the Term solely in connection with conducting Franchisee's Business. Franchisor may contact or market such clients (owners and guests) for any reason at any time. All information Franchisor or its affiliate obtains from Franchisee or about or related to the Business, and all revenues Franchisor or its affiliate derives from such information, shall be Franchisor's or its affiliate's property, excluding any employment records of Franchisee (which shall belong solely to and be the responsibility of Franchisee). Franchisee may use information that it acquires from third parties in operating the Business during the Term to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Business for the purposes hereunder. Such information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor or its affiliate, which Franchisor or its affiliate may use for any reason it deems necessary or appropriate. Franchisee and Franchisor shall comply with all applicable laws pertaining to the privacy and security of personal information, including, without limitation, local, regional, and national requirements applicable to the Business.

5.7 Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service and obtain and use, at Franchisee's expense, and in the manner and form and meeting such minimum standards as Franchisor may approve or require, computer equipment, operating software, communication services, and other electronic and computer systems, and the like, for communicating, reporting, and other operations of the Business. Franchisor shall have independent access to all of Franchisee's computer systems, excluding any employment records. Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System. Franchisee shall maintain a working email address to communicate with Franchisor. Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor and its affiliate may, in their sole discretion, make use of any information furnished by them to Franchisee in the conduct of its business, excluding any employment records.

6. Ownership and Use of Trademarks.

6.1 License. Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee a limited, nonexclusive, royalty-free, non-transferable, non-sublicensable right and license during the Term to use the Marks in the Territory solely in connection with the Business and solely in accordance with Franchisor's trademark usage guidelines, as may be amended and provided to Franchisee by Franchisor in Franchisor's discretion from time to time.

6.2 Ownership. Franchisee's right to use the Marks is under a license derived solely from this Agreement and all such usage and any goodwill established thereby shall inure to the exclusive benefit of Franchisor or its affiliates. Except for the limited license expressly set forth in Section 6.1, Franchisee shall have no right, title, or interest in or to the Marks and all rights not specifically granted to Franchisee in Section 6.1 are expressly reserved to Franchisor and its affiliates. All use of the Marks by Franchisee shall inure to the benefit of Franchisor and its affiliates for all purposes, including for purposes of trademark registration and domain name registration, and nothing herein shall transfer or grant any such rights to Franchisee. Nothing in this Agreement limits or restricts Franchisor's or its affiliate's right, either by itself of through third parties, to use, promote, license, or otherwise exploit the Marks, or any portion thereof.

6.3 General Restrictions. Franchisee shall not use the Marks in any manner that is not specifically authorized by this Agreement. Without limiting the generality of the foregoing, (a) Franchisee shall not use any marks, trade names, Internet domain names, or social media accounts, profiles, or hashtags confusingly similar to the Marks or that refer to the Business or System, (b) Franchisee shall not use any Mark or portion thereof in conjunction with any Franchisee trademark, trade name or logo in a manner that suggests that such marks are a composite or singular mark, and (c) Franchisee shall use the Marks in compliance with all applicable laws and regulations (including all laws and regulations relating to the maintenance of the validity and enforceability of a Mark), and shall at all times conduct its activities under this Agreement in a lawful manner. Franchisee shall cooperate to avoid confusion or conflict arising out of Franchisee's and Franchisor's (including any licensees of Franchisor) use of the

Marks, and to resolve any such conflicts to the satisfaction of Franchisor. Franchisee shall not challenge the validity of the Marks, any registrations or applications for registration thereof or Franchisor's or its affiliate's ownership thereof or register or attempt to register any Mark or any confusingly similar intellectual property, including Internet domain names and any phrase in which a Mark is used.

6.4 Conflicting Uses. Franchisee does not have the right to use any of the Marks in any manner that might conflict with the rights of any third party or tarnish, disparage, weaken, or otherwise be reasonably expected to adversely affect Franchisor's or its affiliate's rights in any of the Marks. If Franchisor determines in its discretion that Franchisee's use of a Mark may or does infringe the rights of any third party or adversely affect Franchisor's or its affiliate's rights in such Mark, Franchisee will terminate or modify such use immediately in accordance with Franchisor's instructions. If Franchisee fails to terminate or modify such use as reasonably directed by Franchisor, Franchisor shall have the right to terminate this Agreement for breach. If Franchisor identifies conflicting uses requiring treatment under this Section 6.4, Franchisor agrees to work with Franchisee in good faith to identify alternatives under this Section permitting modification of conflicting uses, prior to exercising its right of termination under this Section 6.4. Franchisee shall notify Franchisor promptly of any infringement or adverse effect on any Mark which comes to Franchisee's attention, and Franchisor shall have the sole right and authority to take action in any such case.

6.5 Further Assurances. Franchisee shall cooperate and assist Franchisor or its affiliate in securing, perfecting, preserving, and enforcing Franchisor's or its affiliate's rights in the Marks. Without limitation, Franchisee shall, at Franchisor's sole expense, (a) execute and deliver to Franchisor or its affiliate, upon Franchisor's request, all documents necessary or desirable to secure, prefect or preserve Franchisor's or its affiliate's rights in and to the Marks, to record Franchisee as a registered user of the Marks or to cancel such registered user recordation when appropriate and (b) cooperate and assist Franchisor or its affiliate in registering, and prosecuting claims against infringers of, the Marks.

6.6 No Warranty. The grant of rights hereunder by Franchisor to the Marks is made only to the extent of the rights held by Franchisor in the Marks. Franchisor makes no warranty, express or implied, and hereby disclaims all warranties, with respect thereto or with respect to the rights of any third parties that may conflict with the rights granted hereunder.

6.7 Quality Standards. Franchisor shall have the right to exercise quality control over Franchisee's use of the Marks, including over the materials, products and services which are actually or planned to be offered, sold, marketed, distributed, or provided by Franchisee under or in connection with any of the Marks, and to the degree deemed necessary by Franchisor to maintain the validity and enforceability of the Marks and to protect the goodwill associated therewith. The quality of the materials, products and services offered by Franchisor through Franchisor's Business as of the Effective Date is adequate for this purpose. Accordingly, Franchisee acknowledges and is familiar with the high standards, quality, style, and image of Franchisor, and Franchisee shall at all times during the Term use the Marks in a manner that is consistent therewith; and Franchisee shall ensure that the materials, products and services offered by it under or in connection with the Marks adhere to at least this level of quality and shall not reflect adversely upon Franchisor or the Marks. Franchisee shall not use or display the Marks in any manner that might be deceptive or misleading or that might bring Franchisor or the Marks into disrepute. Each of the provisions of this Agreement relating to the proper use and protection of the Marks, and of the goodwill associated therewith, is a material provision of this Agreement.

6.8 Right to Sample and Inspect. To permit Franchisor to determine whether Franchisor's standards of quality are met by Franchisee's use of the Marks and the materials, products and services which are actually or planned to be offered by Franchisee under or in connection with any Mark, Franchisee shall, upon Franchisor's request, and at no cost to Franchisor, during Franchisee's normal business hours (i) provide to Franchisor reasonably representative samples of all such materials and products and the use of the Marks thereon or in connection therewith, and (ii) permit Franchisor to review all such services, in the manner in which they are performed, and the use of the Marks in connection therewith. Franchisor shall have the right at any time to require Franchisee to make any changes or corrections with regard to such materials, products or services as may be required in Franchisor's reasonable judgment to maintain the quality standards prescribed by Franchisor, and Franchisee shall make and incorporate such changes or corrections at Franchisee's sole cost and expense.

6.9 Proprietary Notices. All advertising and promotional materials and all other electronic, printed, and written materials using a Mark shall state that such Mark is owned by or licensed to Franchisor. Franchisee shall use one of the following forms of such notice, which Franchisor may change from time to time:

> [LICENSED MARK OR LICENSED NAME]* is a [trademark][service mark][trade name] of SkyRun Partners LLC under license from SkyRun Franchising Limited. Where "*" indicates the symbol "®" where the applicable Mark is registered by the United States Patent and Trademark Office and indicates the symbol "™" or "℠", as appropriate, where the applicable Mark is not the subject of such a registration.

6.10 Changes to Marks. If Franchisor or its affiliate modifies or alters the Marks for any reason, Franchisee shall cooperate in such rebranding effort and use any new Mark specified by Franchisor from time to time including delivering new promotional materials provided by Franchisor from time to time, at Franchisee's sole cost and expense.

7. Confidentiality and Non-Disclosure. Franchisee (and its agents, employees and other representatives) shall use Confidential Information solely in connection with offering the Services and Products and in conducting Franchisee's Business and not for any other purpose. Franchisee shall not disclose Confidential Information to any third party under any circumstances whatsoever, unless specifically agreed to by Franchisor in writing. Franchisee shall instruct each of its employees, agents or representatives who will have access to any Confidential Information as to its confidential nature and each such employee shall agree not to disclose the Confidential Information to anyone for any purpose without the express authorization of Franchisor. Franchisee shall be responsible for any breach of this Agreement by any of its employees, agents, or representatives. Franchisee shall take all reasonable steps to protect the Trade Secrets, and to employ at least those precautions that Franchisee employs to protect its own Trade Secrets, and shall take at least the following minimum steps: (a) Franchisee will limit access to Trade Secret information only to those employees or contractors of Franchisee who require the information in order to perform their jobs; and (b) no Trade Secret information will be disclosed to third parties; and (c) Franchisee will require that all employees or contractors who need access to Trade Secrets enter into confidentiality agreements, in a form approved by Franchisor.

8. Services and Assistance.

8.1 In addition to the License and the license to the Marks granted herein, Franchisor or its affiliate shall provide the following services to Franchisee:

(a) The Franchisee Web Page, whose template is provided by Franchisor. Franchisor may charge Franchisee Franchisor's current fee for making modifications or edits to the Franchisee Web Page. Any and all content and any changes to the same must be approved by Franchisor prior to being made and the Franchisee Web Page may contain only such information as Franchisor may approve from time to time. Other than this Franchisee Web Page, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other digital or electronic medium or method of communication, including a website, home page, HTML document, Internet site, web page, online directory or online business profile, review and opinion web pages or sites, or social media or social networking site, hashtag, profile, avatar, account or username relating to or making reference to Franchisor, the Marks, or the Business (each, a "**Social Media Presence**"), unless otherwise approved by Franchisor. Franchisee may not use all or part of any of the Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Social Media Presence, or any information, content, or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference. Franchisee must provide Franchisor with all passwords and access to any such Social Media Presence. Franchisee may not offer, promote, or sell any products or services or make use of any of Franchisor's Marks, the License or Business, or the System, via any Social Media Presence without Franchisor's prior written approval. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee posting or blogging of comments about Franchisor, the License or Business, or the System. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat, and Pinterest; professional networks, business profiles, or online review or opinion sites like LinkedIn, Google Business Profile, or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools;

(b) A license to access and use the proprietary Licensed Software for use in Franchisee's conduct of the Business, subject to the terms set forth in this Agreement and the Subscription Agreement. Franchisee acknowledges and agrees that it shall exclusively use the Licensed Software and no other property management platform, service, or software in the Business;

(c) A Google Workspace account with business versions of Google Docs, Email, Calendar, Groups, and Drive;

(d) Telephone or website chat access to Franchisor personnel to provide Franchisee advice in starting and managing Franchisee's Business;

(e) Access to the Franchisor phone system for inbound and outbound free calling when using the Franchisor desk phone to local phone numbers and from the SkyRun 877 number;

(f) An initial training program; provided, that, Franchisee shall be responsible for wages and personal traveling and living expenses, including lodging, incurred by its personnel that participate in the training program. The initial training program, and any portions of it, shall be held at Franchisor's facilities, or at the Franchisee's location, or virtually or other location, all as determined by Franchisor. Franchisor does not charge for the initial training program for attendees attending the initial training program together before Franchisee commences operation of the Business, but Franchisee shall pay Franchisor's then-current per attendee training cost for any other attendees attending a separate initial training program session.

(g) One or more manuals for use in the Business, which manuals will be loaned by Franchisor to Franchisee and may consist of brand standards, operations, and manuals or otherwise. The manual(s) are not to be copied in whole or in part, shall remain the property of

Franchisor, and shall always be kept in safekeeping. Franchisor, from time to time, may add to or modify some or all of the manual(s) to supplement or to improve the System and the contents and methods of promotion franchised hereunder and Franchisee shall at all times maintain the updated manual(s).

(h) Various example forms or templates Franchisee may use in the operation of the Business, including management and customer contracts, forms, and templates. Franchisor makes no representation or warranty as to the enforceability of any contracts or other forms provided to Franchisee for use in its Business, or whether any such forms meet the legal requirements of the jurisdiction in which Franchisee does business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms to meet all laws and regulations applicable to the Business and to use no contract that does not comply with applicable law. Franchisee shall not make any modifications, deletions, or additions to any management and customer contracts, forms, and templates provided by Franchisor except to the extent required by applicable law, and in any event, Franchisee shall obtain Franchisor's prior approval before using any modified management or customer contract, form, or template. Under no circumstances shall Franchisee modify, remove, or otherwise contravene the assignment and transfer provisions provided by Franchisor in such management and customer contracts, forms, and templates. Franchisor may from time to time update the forms provided to Franchisee. Upon provision of an updated form to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form on a going forward basis.

(i) Annual planning and quarterly review meetings (which may be in-person or virtually, as determined by Franchisor).

(j) Franchisor may periodically provide mandatory training. If Franchisor provides it, Franchisee or one of its staff members that Franchisor approves must attend or complete the training within the times required by Franchisor. Franchisor may periodically also provide optional training. Any new manager of the Business must attend and successfully complete Franchisor's initial training program within thirty (30) days of the start of employment or when they begin managing the Business, whichever is earlier. Each of these trainings is provided at the locations and times Franchisor specifies. Franchisee must pay Franchisor its then-current training fee for these mandatory and optional trainings. The cost for this training must be paid before the training begins. Franchisee is responsible for the travel and living expenses it and its employees incur in attending this training.

8.2 Franchisee shall maintain all furniture, fixtures, and equipment, technology and computer hardware, supplies, and inventory used in the Business in excellent working condition. As such items become damaged, worn, obsolete, unsafe, or mechanically impaired to the extent they require replacement, Franchisee shall replace such items with either the same or substantially similar types and kinds of items as are being installed in other, similar businesses franchised by Franchisor, or opened by Franchisor or its affiliates, at the time replacement becomes necessary. All such items used in the Business shall meet the specifications of Franchisor and shall be approved by Franchisor prior to installation or use thereof.

8.3 Unless Franchisor otherwise approves, the furniture, fixtures, and equipment, design and décor, branded items and signage, supplies, including linens, computer hardware and software, technology and security systems, products Franchisee purchases for use or sale at the Business, insurance, and advertising and marketing materials, must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor may provide Franchisee a list of approved suppliers of furniture, fixtures, and equipment, supplies, software and hardware, insurance, and other items or services necessary to operate the Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item.

(a) Unless otherwise specified by Franchisor, Franchisee shall not be restricted from using sources of supply other than those previously approved by Franchisor, if the other sources supply items or services of substantially the same quality and specifications as those supplied by the approved suppliers.

(b) Franchisor reserves the right to require Franchisee to obtain the written approval of Franchisor prior to the use of any supplier not previously approved by Franchisor and, as a precondition to the granting of such approval, may require the proposed supplier to submit to Franchisor samples of products it proposes to provide to Franchisee for use in the Business and any other information Franchisor requires, to have a data privacy compliance plan that meets Franchisor's specifications and all data privacy laws and regulations and to meet any other requirements of Franchisor. In such event, Franchisor shall have ninety (90) days from its receipt of all such information to approve such supplier. Any supplier not approved in such time period shall be deemed rejected.

8.4 Franchisor shall not have control over, and shall not provide significant assistance for, the day-to-day management or operations of Franchisee's Business. Franchisor is not obligated to perform services set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. Franchisor does not represent or warrant that any other services will be provided to Franchisee, other than as set forth in this Agreement. Franchisor does not represent or warrant that the services offered by Franchisor under this Agreement will generate any additional clients or that Franchisee will obtain any additional revenue. If Franchisor determines that it is necessary for it to provide additional services to Franchisee to protect its goodwill in the System and its Marks, or if Franchisee requests additional services from Franchisor, Franchisor may charge Franchisee a reasonable fee for such additional services. If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee or its employees in regard to the training, support, or any other matter affecting the establishment of the Business, Franchisee shall so notify Franchisor in writing within thirty (30) days following commencement of operation of the Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening services required to be performed by Franchisor were sufficient and satisfactory in Franchisee's judgment.

9. <u>Franchisee's Duties and Obligations</u>.

9.1 Franchisee shall operate the Business from a home office or other office location, which in either case must be approved by Franchisor. It shall be the responsibility of Franchisee to identify prospective sites for the Business and to obtain Franchisor's approval of any proposed site for the Business before obtaining possession of the site. Franchisee may not commence operation of the Business until Franchisee has satisfied all conditions set forth in this Agreement and the manuals required to be satisfied by Franchisee prior to commencing operation of the Business, including successful completion of those portions of the initial training program required by Franchisor, obtaining all licenses and permits and insurance policies necessary to operate the Business, and the launch of the Franchisee Web Page. Franchisee shall complete all condition precedents to opening and shall commence operation of the Business within ninety (90) days after the Effective Date. Franchisor may terminate this Agreement and retain all amounts paid by Franchisee if Franchisee fails to commence operation of the Business within such time period, Franchisee fails to obtain Franchisor's approval of its business location within thirty (30) days of the execution of this Agreement or Franchisee and its required attendees, if any, fail to successfully complete those portions of the Initial Training Program within the times required by Franchisor.

9.2 Franchisee shall diligently develop Franchisee's Business within the Territory and use its best efforts to market and promote the Services and Products in its Territory while maintaining the highest ethical standards and the reputation of Franchisor. Franchisee shall not offer any products and services through the Business that are not approved by Franchisor, and Franchisee shall not operate the Business outside the Territory. Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not approve the use of such materials by Franchisee within fifteen (15) days after its receipt of such materials, they shall be deemed to have been rejected. However, Franchisor may revoke approval of any previously approved materials at any time.

(a) Franchisee shall spend at least $10,000 to conduct a grand opening of the Business within the first three (3) months of commencing operation of the Business. Upon Franchisor's request, Franchisee shall submit to Franchisor receipts of expenditures spent on the grand opening program. If Franchisee fails to spend the minimum required amount on the grand opening program, Franchisee must pay to Franchisor the difference between what it actually spent on the grand opening program and the minimum that it was required to spend on the grand opening program.

(b) In addition to the grand opening program, once Franchisee commences operation of the Business, Franchisee must spend at least $20,000 per Term Year on approved local advertising via local marketing campaigns and promotional programs, direct mail, email campaigns, Internet advertising, and Internet search engine campaigns. Franchisee must obtain our approval of all local marketing activities before implementation, and Franchisee must submit receipts of local marketing expenditures. If Franchisee does not meet this yearly requirement by the end of any Term Year, Franchisee must, upon Franchisor's demand, pay to Franchisor the difference between what it actually spent on approved local marketing and the minimum that it was required to spend on approved local marketing during the past Term Year. Amounts Franchisee spends for the grand opening program will not count toward the monthly expenditure. Franchisee shall deliver promotional materials reflecting the SkyRun brand and all SkyRun locations to its guests and owners both in offices and guest rooms and online on Franchisee's website.

(c) Indirect costs Franchisee incurs in managing local advertising campaigns, such as salaries and benefits of its employees, will not count towards these minimum expenditure requirements in this Section 9.1. Additionally, any costs Franchisee incurs for advertising conducted at the Business will not count towards these minimum expenditure requirements in this Section 9.2.

(d) If Franchisee requests additional marketing assistance or premium marketing services that Franchisor agrees to provide, Franchisee must pay Franchisor its current marketing assistance fee or its then current monthly premium marketing services fee at the times specified by Franchisor.

(e) Franchisee will comply with all directives from Franchisor with respect to any Social Media Presence approved by Franchisor, including those related to materials posted on any Social Media Presence, links to and from any Social Media Presence, the use of the Marks on any Social Media Presence, provision to Franchisor of passwords and any log-in credentials needed to access, remove, delete, or modify any Social Media Presence, and security for any Social Media

Presence. In addition, any Social Media Presence approved by Franchisor must be operated and maintained by Franchisee in compliance with all provisions of this Agreement, including those regarding the use of confidential and proprietary information, as well as any and all operating procedures, policies, standards, and requirements that Franchisor may specify from time to time. Franchisee must also maintain any Social Media Presence approved by Franchisor in compliance with all applicable laws, rules, and regulations, including those applicable to copyright and trademark, privacy, anti-defamation, and advertising and endorsements. Franchisor reserves the right at any time, in its sole discretion, to itself, or require Franchisee to, remove, delete or modify any Social Media Presence, or any information, content or post thereon. Franchisor will retain sole ownership of any Social Media Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Marks, or any word, phrase or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, hashtag, profile or page reference.

9.3 Franchisee shall attend and complete those portions of the initial training program within the times required by Franchisor and must pay all expenses of persons attending from Franchisee's company, including all expenses for travel, lodging, and food.

9.4 Franchisee shall at all times comply with the Terms of Use, as amended by Franchisor from time to time in connection with its use of the Franchisee Web Page and the website provided by Franchisor.

9.5 Franchisee shall offer any additional services, products, promotions, or loyalty programs introduced into the System by Franchisor for sale on a continuing basis from the Business and on Franchisee's website at the time and in the manner required by Franchisor. These programs may require discounting the daily rates for Franchisee's properties by up to twenty percent (20%).

9.6 Franchisee shall not offer any service or product except the Services and Products unless Franchisee receives the prior written consent of Franchisor.

9.7 Franchisee must always comply with all applicable federal, state and local ordinances, rules, regulations and other legal requirements in connection with Franchisee's Business and its offer and sale of the Services and Products. In connection therewith Franchisee acknowledges that it will collect, possess, and utilize personally identifiable information of its clients. Franchisee shall always comply with Franchisor's privacy policy and shall post on Franchisee's Web Page and comply with a privacy policy at least as protective of clients' personal data as Franchisor's privacy policy. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to personal and financial information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq. Franchisee shall implement and maintain Franchisor's minimum standards as Franchisor may adopt from time-to-time in its manuals or otherwise for technical, access, data, and organizational security, including, without limitation, with respect to unlawful or unauthorized access, accidental loss, or destruction of personal data in Franchisee's possession or control; account access; login information and processes; periodic security training and certifications; and anti-virus and anti-malware protection. Franchisee acknowledges that computer systems are vulnerable in varying degrees to interruptions, computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, degradation of service and attacks by hackers and other unauthorized intruders ("**Tech Problems**"). Franchisor does not guarantee that information or communications systems that Franchisor or others supply, or host will not be vulnerable to Tech Problems. It is Franchisee's responsibility to protect itself from Tech Problems, which may include obtaining cyber risk insurance. Franchisee shall take reasonable steps to verify that its suppliers, system administrators, lenders, landlords, clients, and governmental agencies have reasonable protection from Tech Problems. This may include taking reasonable steps to secure Franchisee's systems (including without limitation, utilizing firewalls, password protection and 2-factor authentication, workstation encrypting and anti-virus and malware systems) and to provide backup systems. Tech Problems will not constitute a basis for refunding commissions or compensating Franchisee or it's owners or guests for losses.

9.8 Franchisee shall pay when due all debts and taxes arising in connection with the Business, except those duly contested in a bona fide dispute.

9.9 Franchisee shall not operate the Business outside of Franchisee's Territory, advertise to guests or owners that are outside of Franchisee's Territory or list or service properties that are physically located outside of Franchisee's Territory, or provide Services and Products outside of Franchisee's Territory, unless authorized by Franchisor in writing.

9.10 Franchisee shall employ at least one (1) manager who is responsible for the general operation of the Business; if Franchisee is the owner-operator of the Business, then Franchisee shall be the manager. Notwithstanding the foregoing, Franchisee shall at all times be held responsible for the day-to-day operation and management of the Business. At the time this Agreement is executed by Franchisee, Franchisee shall also complete the Statement of Ownership and Management attached hereto, and, if Franchisee is a corporation, partnership, or limited liability company, each owner of Franchisee as of the date hereof, as well as any future owners of Franchisee, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. Franchisee shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management.

9.11 Notwithstanding anything set forth in this Agreement to the contrary, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Business at any time, replace its computer systems, replace or upgrade hardware or software used by Franchisee in the Business, or require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Business.

9.12 Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion.

9.13 Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such financial and sales information relating to the business of Franchisee as from time to time may be reasonably required by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. The financial and sales information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisor may use such financial information in any manner and for any purpose it, in its sole and absolute judgment, deems appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to Franchisor with other SkyRun franchisees and to publicly disclose and include Franchisee's financial information in Franchisor's franchise disclosure document. Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, shall also submit to Franchisor, upon request, copies of their annual federal, state, and city income and sales tax returns, if any.

9.14 Franchisor shall have the right to audit or cause to be audited the sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of

Franchisee, and if Franchisee is a limited liability company, corporation, or partnership, the owners of Franchisee, excluding any employment records. If any audit discloses that Franchisee has failed to pay to Franchisor any fees owed Franchisor (including as a result of an underreporting of Gross Revenue), Franchisee, within ten (10) days of receipt of the audit report, shall pay to Franchisor the fees and other amounts due Franchisor, plus late payment charges as provided in this Agreement. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Revenue of the Business for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, lodging, and compensation of persons employed by Franchisor to make the audit. Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Business.

10. <u>Insurance and Indemnification</u>.

10.1 During the Term, Franchisee shall maintain in full force and effect insurance policies issued by an insurance company authorized to do business in the state where the Business is located and acceptable to Franchisor as follows, in such amounts as Franchisor may from time-to-time require in its manuals or otherwise:

(a) Worker's Compensation insurance complying with the law of the state(s) in which the Territory is located.

(b) Commercial General Liability insurance, covering all Services and Products to be offered under this Agreement.

(c) Commercial Automobile Liability insurance to include coverage for all owned, non-owned, and hired vehicles.

(d) Commercial Umbrella Liability/Excess Liability insurance.

(e) Cyber liability and Data breach insurance.

(f) Employment practice liability insurance.

Insurance policies must insure Franchisee and name Franchisor and Franchisor's designated affiliates, officers, directors, managers, members, and all other person designated by Franchisor as additional named insureds. Failure of Franchisee to obtain this required insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in this Agreement. Franchisee shall also procure and pay for all other insurance required by state or federal law. If Franchisee at any time fails or refuses to maintain any insurance coverage required by Franchisor, or fails to furnish satisfactory evidence thereof, Franchisor, at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of Franchisee, and any costs of premiums incurred by Franchisor in connection therewith shall be paid by Franchisee on demand.

10.2 Franchisee shall indemnify, defend and hold harmless Franchisor, its affiliates and their respective officers, directors, managers, members, employees, and agents against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) (together, "**Damages**") for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

(a) Franchisee's breach of this Agreement or any other agreement between the parties;

(b) loss of or damage to any property or injury, bodily or personal, to or death of any person(s), including Franchisee's employees, agents, or contractors, in or on any premises used by Franchisee to provide the Services and Products;

(c) Franchisee's taxes, liabilities, costs or expenses of its Services and Products;

(d) any negligent or willful act or omission of Franchisee, its officers, directors, managers, members, partners, employees, agents, servants, contractors, or others for whom it is responsible;

(e) any suit, action, legal proceeding, claim or demand of whatever kind or character based on: (i) any alleged defect, negligence, or breach of warranty with respect to Franchisee's Business, its Services and Products, the equipment used to provide the Services or the use or condition thereof; (ii) any allegation of false or misleading advertising involving Franchisee's Services and Products or its use of the Intellectual Property; or (iii) any allegation of passing off or unfair competition involving the Services and Products or the Intellectual Property.

(f) any violation of any federal, state or local law, ordinance or regulation imposing requirements or prohibitions on Franchisee in the offering of the Services and Products;

(g) any advertising or promotional material distributed, broadcast or in any way disseminated by Franchisee or on its behalf;

(h) use of the Intellectual Property in a manner not authorized by this Agreement;

(i) claims arising out of Workers' Compensation, Unemployment Compensation or similar such laws or obligations applicable to employees of Franchisee or its contractors; or

(j) breach of a warranty, representation, guarantee or duty of Franchisee to any person.

11. Term; Renewal.

11.1 Term. This Agreement, unless terminated earlier as provided herein, will remain in full force and effect until 12:01 a.m. Mountain Time on the tenth (10th) anniversary of the Effective Date (the "**Term**").

11.2 Renewal. Franchisee may renew the License for an additional term of ten (10) years, subject to the satisfaction of all conditions imposed by Franchisor upon renewal, including that upon expiration of the Initial Term, Franchisee shall have:

(a) complied with all provisions of this Agreement and operated the Business utilizing and conforming to the System and utilized exclusively the Marks in the operation of the Business;

(b) upgraded the Business, including any technology used in the Business, to meet Franchisor's then-current standards;

(c) provided Franchisor at least two hundred ten (210) days prior written notice of its election to renew the License; and

(d) within thirty (30) days after delivery to Franchisee of all agreements and documents required by Franchisor for renewal: (1) executed Franchisor's then-current form of license or franchise agreement offered to prospective new franchisees, as amended to reflect that the License is a renewal and not a grant of a new License, and all other agreements and legal instruments and documents then customarily employed by Franchisor in the grant of SkyRun franchises to prospective new franchisees, including a general release; and (2) paid to Franchisor a renewal fee of Five Thousand Dollars ($5,000).

Franchisee acknowledges that the right of renewal set forth herein does not give Franchisee the right to renew any specific provisions of this Agreement, and Franchisee recognizes that the terms of license or franchise agreements utilized by Franchisor upon renewal are likely to be substantially different than the terms offered by Franchisor as of the date hereof. Franchisee further acknowledges that the failure to meet any conditions of renewal imposed by Franchisor, including those set forth herein, shall be deemed an election by Franchisee not to renew the Franchise.

11.3 Holdover. If Franchisee does not sign a new license or franchise agreement prior to expiration of the Term, and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise to do so and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

12. Termination.

12.1 Termination By Franchisee. Franchisee may terminate this Agreement and the franchise granted hereunder effective ten (10) days after delivery to Franchisor of notice of termination, if Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure the breach within thirty (30) days after written notice of the breach is delivered to Franchisor.

12.2 Pre-Termination Options of Franchisor. Prior to the termination of this Agreement, if Franchisee fails to pay any amounts owed to Franchisor or its affiliates (whether under this Agreement or otherwise) or fails to comply with any term of this Agreement, then in addition to any right Franchisor may have to terminate this Agreement or to bring a claim for damages, Franchisor shall have the option to:

(a) Prohibit Franchisee from attending any conventions, meetings, trainings, or seminars held or sponsored by Franchisor;

(b) Remove any listing of the Business from any advertising and remove the Franchisee Web Page; and

(c) Suspend the provision of any or all of the services provided by or through Franchisor to Franchisee.

Franchisor's actions, as provided in this Section 12.2, may continue until Franchisee has brought its accounts current, cured any default, and complied with Franchisor's requirements, and Franchisor has acknowledged the same in writing. Franchisee acknowledges and agrees that the taking by Franchisor of any of these actions shall not deprive Franchisee of a substantial portion of the benefits provided to it under this Agreement and therefore the taking of any of the actions permitted in this Section 12.2 shall not suspend or release Franchisee from any obligation that would otherwise be owed to Franchisor or its affiliates under the terms of this Agreement, or otherwise, nor shall Franchisee assert that the taking of any such actions shall act as an actual or constructive termination of this Agreement.

12.3 <u>Termination by Franchisor</u>. In addition to Franchisor's other termination rights in this Agreement, Franchisor may terminate this Agreement effective immediately upon receipt by Franchisee of notice of termination, if Franchisee:

(a) Voluntarily abandons the franchise relationship under this Agreement;

(b) Is convicted in a court of competent jurisdiction of an offense directly related to the Business, or fails to comply with any federal, state, or local law or regulation applicable to the operation of the Business;

(c) Loses a license or permit required by applicable law to operate the Business, which shall include the loss of a license or permit by any owner of Franchisee;

(d) Fails to cure a default under this Agreement which materially impairs the goodwill associated with the Marks after Franchisee has received written notice to cure at least twenty four (24) hours in advance of the notice of termination;

(e) Submits to Franchisor two (2) or more sales reports, financial statements, or other information or supporting records in any period of twelve (12) consecutive months, which materially distorts any other material information, or consistently fails to submit when due sales reports or financial statements to Franchisor;

(f) Fails to pay when due any fees or other payments due to Franchisor or its affiliates and such failure continues for ten (10) days after notice to Franchisee;

(g) Consistently fails to remit when due payments to suppliers or other creditors of the Business, and such failure continues for ten (10) days after notice to Franchisee;

(h) Makes an assignment for the benefit of creditors or an admission of its inability to pay its obligations as they become due, or files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution, or similar relief under any law, admits or fails to contest the material allegations of any such pleading filed against it, or is adjudicated bankrupt or insolvent;

(i) Makes an unauthorized assignment or transfer of this Agreement, the Business, or the franchise granted hereunder;

(j) Has made material misrepresentations on its application for the franchise granted hereunder;

(k) Fails to fully fund, at all times, any trust accounts required by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee; or

(l) Loses the right, for any reason, to use or access the Licensed Software, including as a result of termination or expiration of the Subscription Agreement;

(m) Otherwise materially breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor and does not correct such failure within thirty (30) days after notice to Franchisee.

12.4 Compliance with Applicable Law. The foregoing notwithstanding, to the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal, or the like other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be superseded by said law, and Franchisor shall comply with applicable law in connection with each of these matters.

12.5 No Exclusive Remedy. Termination of this Agreement will not be the exclusive remedy of the non-defaulting party in the event of a default, and the non-defaulting party may exercise any and all other legal remedies available to it under applicable law in the event of default.

12.6 Effect of Termination or Expiration; Survival. Upon the effective date of termination or expiration of this Agreement for any reason, Franchisee shall immediately: (a) discontinue all use of the System, Intellectual Property and the Marks; (b) return to Franchisor all copies of all manual(s) that have been loaned to it by Franchisor and any confidential or proprietary material of Franchisor; (c) pay to Franchisor such Royalty Fees, Technology Fees, Marketing Services Fees, and other charges as have or will thereafter become due hereunder and are then unpaid; and (d) provide Franchisor with all client information, lists and other information requested by Franchisor related to such clients and assign to Franchisor or its designee such client accounts and outstanding property management service agreements and customer agreements as Franchisor may determine, in its sole and absolute discretion, and take all other actions reasonably requested by Franchisor to facilitate the assignment of all such client accounts and agreements to Franchisor or its designee, including the transfer of any deposits or other amounts held in connection with such accounts or agreements.

Franchisor will also have the right upon termination to immediately disable Franchisees' access to the Website and, except as expressly provided herein, will have no further duties or obligations to Franchisee. After Franchisor provides Franchisee with notice of any default hereunder, Franchisor can notify any third parties, including any landlords, lenders, and clients, of the default and communicate with such third parties regarding Franchisee and the Business. All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination, expiration, or assignment of this Agreement or the franchise granted hereunder, including the post-termination rights and obligations, non-competition, confidentiality, indemnification, and enforcement and dispute resolution provisions herein, shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

13. Sale, Transfer, Assignment.

13.1 Assignment by Franchisor. This Agreement is fully assignable by Franchisor without the consent of or prior notice to Franchisee, and shall inure to the benefit of any assignee or other legal successor in interest of Franchisor.

13.2 General Prohibition on Franchisee Assignment. No Franchisee, partner (if Franchisee is a partnership), shareholder (if Franchisee is a corporation), or member (if Franchisee is a limited liability company), without the prior written consent of Franchisor, by operation of law or otherwise, shall sell, assign, transfer, convey, give away, lease, have redeemed, or encumber to any person, trust, firm, corporation, partnership, or company, its interest in this Agreement or its interest in the franchise granted hereby or its interest in any proprietorship, partnership, corporation, or limited liability company which, directly or indirectly, owns any interest in the franchise, or its interest in the Business, or the assets of the Business. Any purported assignment not having the necessary consent shall be null and void and shall constitute a material default hereunder.

13.3 Conditions to Franchisee Assignment. Franchisor shall not unreasonably withhold its consent to any assignment provided the following conditions and requirements shall first be satisfied:

(a) If Franchisee desires to assign or transfer all of its rights to a partnership, corporation, or limited liability company controlled by Franchisee:

(1) the transferee shall be newly organized and its charter shall provide that its activities are confined exclusively to operating the Business;

(2) the transferee shall be properly licensed to provide the Services and Products offered through the Business;

(3) Franchisee shall be and shall remain the principal executive officer of the transferee;

(4) Franchisee shall be and shall remain in control of the transferee and shall be and shall remain the owner of not less than fifty one percent (51%) of the issued and outstanding voting stock or membership interests of the transferee corporation or limited liability company or, in the case of a partnership, of fifty one percent (51%) of the voting control of the transferee partnership (or such higher ownership amounts as required by state law);

(5) each stock or membership certificate of the transferee corporation or limited liability company, or the partnership agreement of the transferee partnership, shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(6) no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(7) the transferee shall enter into a written agreement with Franchisee and Franchisor, in a form satisfactory to Franchisor, assuming all of Franchisee's obligations hereunder;

(8) all the partners, shareholders, or members of the transferee shall enter into a written agreement in a form satisfactory to Franchisor jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under this Agreement; and

(9) all accrued money obligations of Franchisee to Franchisor and its subsidiaries, affiliates, and assigns shall be satisfied prior to assignment or transfer.

(b) If an assignment (other than an assignment as set forth in Section 13.3(a)), alone or together with other previous, simultaneous, or proposed transfers, would have the effect of transferring control of the Franchise created hereby or the Business:

(1) the transferee shall meet Franchisor's then-current standards for the issuance of a Franchisor Vacation Rentals franchise, be of good moral character and reputation, be properly licensed and in good standing with the state in which the Business is located and operating, and shall have a good credit rating, financial capabilities, and competent business qualifications reasonably acceptable to Franchisor. Franchisee shall provide Franchisor with the information it may reasonably require to make a determination concerning each proposed transferee;

(2) the transferee, including all shareholders, members, and partners of the transferee, shall jointly and severally execute a new license or License Agreement with Franchisor, on the terms then offered by Franchisor to new franchisees, for the remaining term of this Agreement, except that all pre-opening obligations of the parties shall be waived, other than the transferee's obligation to complete the initial training program to Franchisor's satisfaction;

(3) the purchase price paid by the transferee for the Business shall be reasonable and based on the depreciated value of the assets of the Business, excluding any goodwill of the Business;

(4) if the transferee is a corporation, limited liability company, or partnership, each stock or membership certificate, or the partnership agreement, shall have conspicuously endorsed upon it a statement that it is held subject to, and further assignment or transfer of any interest therein is subject to, all restrictions imposed upon assignments by this Agreement;

(5) if the transferee is a corporation, partnership, or limited liability company, no new voting interest in the transferee shall be issued to any person or entity without obtaining Franchisor's prior written consent;

(6) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor and its affiliates, and Franchisee shall pay to Franchisor a transfer fee of Ten Thousand Dollars ($10,000);

(7) Franchisee shall have executed an agreement in form satisfactory to Franchisor in which it agrees to: (1) release any claims it has against Franchisor and its affiliates; (2) subordinate any claims it may have against the transferee to any amounts owed by the transferee to Franchisor; and (3) comply with the post-term obligations set forth herein, including the non-competition and confidentiality provisions;

(8) if the transferee is a corporation, limited liability company, or partnership, all the shareholders, members, or partners of the transferee shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of the transferee's obligations to Franchisor and agreeing to be personally bound by all covenants and restrictions imposed upon the transferee under the terms of this Agreement; and

(9) if the assignment or transfer is caused by the death or incapacity of Franchisee (or in the case of a partnership, corporation, or limited liability company, by the death or incapacity of one controlling more than forty-nine percent (49%) of the voting interest of Franchisee), the provisions of this Section 13.3(b) must be met with regard to the heir or personal representative of Franchisee succeeding to Franchisee's interest hereunder; provided, however, if the heir or personal representative assigns, transfers, or sells its interest in the Franchise within one hundred twenty (120) days after the death or incapacity of Franchisee, the person to whom the interest is assigned, transferred, or sold, and not Franchisee's heir or personal representative, must comply with the provisions of this Section 13.3(b) as transferee.

(c) Disclosure. Franchisee consents to Franchisor releasing to any proposed transferee any information concerning the Business which Franchisee has reported to Franchisor.

(d) No Single or Partial Transfer. Notwithstanding anything set forth herein to the contrary, Franchisee may not transfer a portion of its rights or obligations hereunder or a portion of the Business without Franchisor's approval and the satisfaction of the conditions set forth in Section 13.3(b) as Franchisor may require.

13.4 Right of First Refusal. If, at any time during the Term, Franchisee receives a bona fide offer to purchase or lease the Business, or any owner of Franchisee receives an offer to purchase any interest in Franchisee, either directly or indirectly, which offer Franchisee or such owner is willing to accept, Franchisee shall communicate in writing to Franchisor the full terms of the offer and the name of the offeror, and Franchisee shall provide to Franchisor any and all information, documents, or agreements reasonably requested by Franchisor, including the executed purchase or lease agreement and past financial statements of Franchisee or related to the Business, as prepared by an independent accountant. Franchisor may elect to purchase or lease the Business, or the interest, as applicable, on the terms set forth in the offer. If Franchisor elects to exercise such option, it shall give Franchisee written notice of the election within thirty (30) days after Franchisor receives Franchisee's complete and accurate communication of the offer (including all information, documents, or agreements requested by Franchisor). If Franchisor fails to give written notice of election within thirty (30) days, Franchisee or the owner, as the case may be, may sell or lease to the offeror on the terms offered, subject to Sections 13.2 and 13.3. The sale or lease must, however, be completed within sixty (60) days of the termination of the thirty (30) day period during which Franchisor may give written notice of election to purchase or lease; otherwise, an additional notice must be given to Franchisor and an additional option period must expire prior to any such transfer. If Franchisor elects to exercise its rights hereunder, it shall have the right to substitute equivalent cash for any noncash consideration included in the bona fide offer and to exclude the real property on which the Business is located or operates, and Franchisor and Franchisee or Franchisee's owner, as the case maybe, will use their best efforts to complete the transaction within sixty (60) days from the date of Franchisor's notice of election to exercise its rights hereunder. Franchisor may assign, transfer, or sell its rights under this Section 13.4 to any third party, including another franchisee or licensee of Franchisor.

14. **<u>Restrictive Covenants</u>.**

14.1 During the Term, Franchisee shall not, directly or indirectly, without the prior written consent of Franchisor, either individually or in partnership or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any residential vacation property management or residential vacation rental business, or any business similar to the Business ("**Competitive Business**") as carried on periodically during the Term, or any business or venture that is granting franchises or licenses for the operation of Competitive Businesses. Nothing in this Section 14.1 shall prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of five percent (5%) of the stock of any company which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934.

14.2 Franchisee shall not, directly or indirectly, without the prior written consent of Franchisor, for a period of two (2) years following the expiration, termination, or assignment of this Agreement, operate, own, manage, be employed by or consult with any Competitive Business, other than one operated under a valid license agreement with Franchisor, or any business or venture that is granting franchises or licenses for the operation of a Competitive Business, that is located or doing business in the Territory or the territory of any other SkyRun business in the United States. In the event of the violation of this Section 14.2 by Franchisee, the period of time Franchisee shall be required to abide by the breached obligation shall be extended to a period of two (2) years after Franchisee is no longer in breach of such obligation.

14.3 The parties intend this Section 14 to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition and to protect Franchisor's Trade Secrets. If any court determines that any provision of this Agreement is invalid, illegal, or unenforceable, the court has the power to fashion and enforce another provision (instead of the provision held to be invalid, illegal or unenforceable) that is valid, legal and enforceable and carries out the parties' intentions under this Agreement. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee.

14.4 Franchisee acknowledges that a breach of the covenants contained in this Agreement will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right, without prior notice to Franchisee, to obtain immediate injunctive relief without limiting any other rights or remedies.

15. **<u>Enforcement</u>.**

15.1 <u>Injunctive Relief; Attorneys' Fees</u>. Either party may apply for injunctive or other equitable relief to: (a) enforce its right to terminate this Agreement for the causes in Section 12; and (b) prevent or remedy a breach of this Agreement if such breach could materially impair the goodwill of such party's business, including to enforce the obligations of a party to be performed following the expiration or termination of this Agreement and enforcement of the non-competition and confidentiality provisions of this Agreement. Each party shall be entitled to the entry of temporary restraining orders and temporary and permanent injunctions enforcing its aforementioned rights. If Franchisor secures any such injunction, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

15.2 Mediation. Except with respect to matters for which a party believes it necessary to seek injunctive or equitable relief, Franchisee and Franchisor shall be required to enter into mediation of all disputes involving this Agreement, or any other aspect of the relationship between them, for a minimum of four (4) hours, prior to the initiation of any litigation or other action or proceeding against the other.

(a) Upon written notice by either party to the other of the initiating party's desire to mediate, the party receiving the notice shall select an independent entity that regularly provides mediation services to franchisors and franchisees to serve as mediator in the proceeding. If the party receiving the notice of intent to mediate does not provide the name of such an organization within ten (10) business days from the date the notice of intention to mediate is received, then the other party may forego mediation of the issue(s) and commence a lawsuit under Section 15.3 or, at its option, make the selection of the organization to provide mediation services. If one party selects an organization that is unwilling to serve as mediator or does not meet the requirements of this Section 15.2(a), then the other party may select the organization. Once the organization is designated and agrees to accept appointment as mediator, the organization shall be directed to schedule a mediation proceeding at a time mutually convenient to Franchisor and Franchisee. The mediation shall be held within thirty (30) days following receipt by the mediation organization of notification that its services are requested. If the parties cannot agree on a date for mediation, then the mediation organization shall select a date it believes is reasonable for the parties, given all of the alleged conflicts in dates. The actual mediator shall be a person who has had at least ten (10) years of experience as either franchisee or franchisor (or as an officer of such an entity), or in franchise law.

(b) The parties shall equally share the cost of the mediator. The mediator shall select the location for the mediation, giving due consideration to the location that will minimize the total expenses of the mediation; provided, however, that unless agreed to by both Franchisor and Franchisee, the mediation shall be held in a metropolitan area having a population of at least two hundred fifty thousand (250,000) persons that is not located within two hundred (200) miles of the Business or the principal office of Franchisor.

(c) Except with respect to matters for which a party is permitted to seek injunctive or equitable relief, if either party initiates litigation without complying with their obligation to mediate in accordance with this Section 15.2 (unless the other party has failed to respond on a timely basis or has indicated it will not engage in mediation in accordance with the provisions of this Section 15.2), then upon petition of any party named as a defendant in such litigation, the court shall dismiss the action without prejudice, and award attorneys' fees and costs to the party seeking dismissal in an amount equal to such party's attorneys' fees and costs incurred in seeking dismissal. If the court refuses for any reason to dismiss the action, then regardless of the outcome of such action, or of any award given by the court in such action, the party initiating the action shall be responsible for all attorneys' fees and costs incurred throughout the action by the other party as damages for failing to comply with the provisions of this Section 15.2.

15.3 Venue. Franchisor and Franchisee (and Franchisee's owners and guarantors) each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Colorado. Such actions shall be exclusively venued in the District Courts of Colorado, County of Broomfield, or the United States District Court for the District of Colorado, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts. The only exception to the foregoing shall be: (1) if the courts of Colorado would have no jurisdiction over a named party in the litigation, and such party's involvement in the litigation is integral to the underlying claims and not principally for the purpose of circumventing the intent of the parties to name Colorado as the exclusive venue for any actions, then the action may be venued in any court having jurisdiction over all the parties and a significant nexus to the parties; and (2) to the extent that either party believes it is necessary to seek injunctive relief against the other, the party seeking relief may initiate that action in the county in which the other party has its principal office (which in the case of an action against Franchisee, shall be the county in which Franchisee is domiciled, or the county in which the Business is located).

15.4 Costs. If Franchisor secures any injunction against Franchisee, or any other relief against Franchisee, or is successful in defending a claim brought against it by Franchisee, Franchisee shall pay Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief and defending such claim, including reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses.

15.5 Waiver of Certain Damages. Franchisor and Franchisee (and Franchisee's owners and guarantors) hereby waive, to the fullest extent permitted by law, any right to, or claim for, any punitive, consequential, special, or exemplary damages against the other and any affiliates, owners, employees, or agents of the other and agree that in the event of a dispute between or among any of them, each shall be limited to the recovery of any actual damages sustained by it and any equitable relief to which it might be entitled.

15.6 Waiver of Collateral Estoppel. The parties agree they should each be able to settle, mediate, arbitrate, litigate, or compromise disputes in which they are involved with third parties, without having the disposition of such disputes directly affect the contract or relationship between Franchisor and Franchisee. Franchisor and Franchisee therefore each agree that a decision of an arbitrator or court of law in a dispute to which one of them is not a party shall not in any manner prevent the person that was a party to such action from making similar arguments, or taking similar positions, in any subsequent action between Franchisor and Franchisee. The parties therefore waive the right to assert that principles of collateral estoppel prevent either of them from raising any claim or defense in an action between them as a result of such party having lost a similar claim or defense in another action.

15.7 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL ACTION, PROCEEDING, CAUSE OF ACTION OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND (D) IT HAS DECIDED TO ENTER INTO THIS AGREEMENT IN CONSIDERATION OF, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 15.7.

15.8 Remedies Cumulative. All remedies provided to Franchisor under this Agreement are cumulative. No exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

16. Franchisee Representations.

To induce Franchisor to accept Franchisee's application for a Franchisor Vacation Rentals franchise and to execute this Agreement, Franchisee hereby represents and warrants to Franchisor as follows:

16.1 Standards for Service. Franchisee recognizes and acknowledges the importance of maintaining Franchisor's standards for service, and further recognizes and acknowledges the importance of following the System.

16.2 Disclosure Document. Franchisee has received a copy of Franchisor's Franchise Disclosure Document, together with copies of all contracts relating to the sale of the Franchise, at least fourteen (14) days prior to the execution of this Agreement and at least fourteen (14) days prior to its payment of any money to Franchisor. Franchisee has read and understands all such documents.

16.3 Business Risks. Franchisee has the entire control and direction of the Business, subject only to the conditions and covenants established by this Agreement. Franchisee further acknowledges that the business to be operated under this Agreement involves business risks, and that Franchisee's success shall be largely determined by its own skill and efforts as an independent business person. Franchisee further acknowledges that if it fails at any tasks that are vital to the operation of the Business, the Business may fail and Franchisee shall be solely responsible for any such failure.

16.4 Franchisee Advisors; Independent Investigation. Franchisee has been advised to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, and that Franchisee has had the opportunity to consult with such advisors and also has had the opportunity to independently investigate the opportunity offered under this Agreement. Franchisee has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to profits which Franchisee might be expected to realize, nor has anyone made any other representation to induce Franchisee to accept the Franchise granted hereunder and to execute this Agreement, which is not expressly set forth herein.

16.5 Patriot Act Representations. To Franchisee's actual and constructive knowledge: (a) neither it (including its directors, officers, and managers), nor any of its affiliates, or any funding source for the Business, are identified on the list at the United States Treasury's Office of Foreign Assets Control; (b) neither it nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (c) neither it nor any of its affiliates is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (d) neither it nor any of its affiliates are on the U.S. Department of Commerce Denied Persons, Entities and Unverified Lists, the U.S. Department of State's Debarred Lists, or on the U.S. Department of Treasury's Lists of Specialty Designated Nationals, Specialty Designated Narcotics Traffickers or Specialty Designated Terrorists, as such lists may be amended from time to time (collectively, the "**Lists**"); (e) neither it nor any of its affiliates, during the term of this Agreement, will be on any of the Lists; and (f) during the Term, neither it nor any of its affiliates will sell products, goods, or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists. Franchisee agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

17. General Terms.

17.1 Relationship Between Parties. The relationship between the parties established by this

Agreement is solely that of franchisor and franchisee. Neither party is the legal representative, partner, employee, or agent of the other, nor is either party authorized or empowered to create or assume any obligation of any kind, implied or expressed, on behalf of the other party, without the express prior written consent of the other. Franchisee shall be conspicuously identified in all dealings with clients, prospective clients, and others, as a franchisee. Franchisee shall not represent or imply to any person that this Agreement authorizes Franchisee to act as agent for Franchisor.

17.2 Entire Agreement. This Agreement and any personal guaranties of this Agreement constitute the entire agreement between the parties with respect to the subject matter contained herein and will supersede all prior agreements, proposals, or understandings between the parties whether written or oral; provided, however, nothing in this or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document furnished to Franchisee.

17.3 Amendment; Binding Effect. This Agreement will not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by written instrument identified as an amendment hereto signed by both parties hereto; provided, however, Franchisor may unilaterally modify or otherwise change the manual(s). This Agreement is binding upon the parties hereto, their respective heirs, assigns, and successors in interest.

17.4 Waiver. Franchisor and Franchisee, by written instrument signed by both parties, may unilaterally waive any obligation of or restriction upon the other under this Agreement. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal, or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder or with any specification, standard, or operating procedure shall constitute a waiver of any provision of this Agreement or any specification, standard, or operating procedure; provided, however, if a party fails to notify the other in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date such party has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by the other party, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived, but such waiver of any prior deficiency or breach of any provision of this Agreement shall not affect the obligation of the party to comply with the obligation or provision in the future; provided, however, that (i) this waiver will not apply to Franchisee’s underreporting or underpayment of any fees Franchisee owes Franchisor, and (ii) the foregoing shall not otherwise extend or lengthen any statute of limitations provided by applicable law.

17.5 Severability. It is the desire and intent of Franchisor and Franchisee that the provisions of this Agreement be enforced to the fullest extent possible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement is adjudicated to be invalid or unenforceable, such adjudication is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made. All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid and unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. Franchisor and Franchisee shall substitute a valid and enforceable provision for any specification, standard, operating procedure, rule, or other obligation of Franchisee or Franchisor which is determined to be invalid or unenforceable and is not waived by the other.

17.6 Notices. All notices given pursuant to this Agreement will be given in writing and will be given by facsimile, certified mail, email, or hand delivery to the addresses set forth below or at such other address as a party may from time to time specify in writing:

If to Franchisor:	SkyRun Franchising Limited 390 Interlocken Crescent, Suite 350 Broomfield, Colorado 80021 Email: info@skyrun.com
If to Franchisee:	___________________________ ___________________________ ___________________________

All notices shall be effective and shall be deemed delivered: (i) if by personal delivery on the date of delivery, if delivered during normal business hours, and if not delivered during normal business hours, on the next business day following the receipt; (ii) if by electronic communication on the next day following confirmed receipt of the electronic communication; and (iii) if solely by mail, on the next business day after actual receipt.

17.7 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, this Agreement shall be governed by the laws of the State of Colorado without regard to the application of conflicts of law principles.

17.8 No Third Party Beneficiaries. This Agreement does not and is not intended to confer any rights or remedies upon and person other than the parties. Franchisee shall include the following language in each property management services agreement and each customer agreement:

> "[Franchisee's name] is a licensee of SkyRun Franchising Limited. This Agreement is solely between [Franchisee's name] and you. SkyRun Franchising Limited and its affiliates are not parties to this Agreement and shall have no responsibility, liability, or obligation to you of any kind or nature arising from this Agreement or the services provided to you under this Agreement."

17.9 Business Judgment; Variances. Except as otherwise expressly stated in this Agreement, any consent or approval required to be obtained from Franchisor, or decision to be made by Franchisor, may be granted or made by Franchisor in its sole and exclusive business judgment, which may take into account Franchisor's assessment of, among other things, the long-term interests of Franchisor, the System and the Marks, without regard to its effect on any individual franchisee or Business. Franchisor's judgment shall prevail even in cases where other alternatives may be reasonable, so long as Franchisor is intending to benefit or is acting in a way that could benefit the System, enhance the value of the Marks, increase client satisfaction, or minimize possible consumer, brand, or location confusion. If Franchisor's activities or decisions are supported by its business judgment, no court, arbitrator, or judge or trier of fact, or any other person reviewing those activities or decisions may substitute his, her, or its judgment for Franchisor's judgment, in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of both Franchisor and its franchisees taken together, require that Franchisor have the latitude to exercise its business judgment in administering, managing and overseeing the System. Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such franchise owner's business. Franchisee shall not complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation thereof.

17.10 Counterparts. The parties may sign this Agreement in multiple counterparts, each of which constitutes an original, and all of which, together, constitute only one agreement. The signatures of all of the parties need not appear on the same counterpart, and delivery of a signed counterpart signature page by electronic or digital facsimile such as Portable Document Format (PDF) or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) is as effective as signing and delivering this Agreement in the presence of the other parties to this Agreement. This Agreement is effective upon delivery of one signed counterpart from each party to the other parties. In proving this Agreement, a party must produce or account only for the signed counterpart of the party to be charged.

[signature page follows]

The parties have signed this Agreement as of the Effective Date.

FRANCHISOR:
SKYRUN FRANCHISING LIMITED,
a Colorado limited liability company

By: ___________________________________

Printed Name:___________________________

Title:__________________________________

FRANCHISEE:

____

By: ___________________________________

Printed Name: __________________________

Title: _________________________________

Rider

Initial Franchise Fee: $______________

Territory:

____
____
____
____

FRANCHISOR:	**FRANCHISEE:**
SKYRUN FRANCHISING LIMITED	______________________________
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

STATEMENT OF OWNERSHIP AND MANAGEMENT

The undersigned Franchisee ("Franchisee") represents and warrants to SkyRun Franchising Limited ("Franchisor") that as of the date set forth below all of the information below is true and complete:

Franchisee: ____________________

Form of Franchisee: (SELECT ONE)

☐ Corporation formed in the state of ____________________
☐ Limited liability company formed in the state of ____________________
☐ Partnership formed in the state of ____________________
☐ Individual residing in the state of ____________________

Name of Manager: ____________________

Ownership (EACH OWNER MUST SIGN A GUARANTY)		
NAME OF OWNER	**NO. OF SHARES/UNITS OWNED**	**OWNERSHIP PERCENTAGE**
		%
		%
		%
		%

Management (LIST EACH INDIVIDUAL HOLDING A POSITION AS BOARD-MEMBER OR OFFICER)	
NAME OF INDIVIDUAL	**ROLE/TITLE**

Franchisee acknowledges that this Statement of Ownership and Management applies to the SkyRun Vacation Rentals License Agreement. Franchisee shall immediately notify Franchisor upon any change in the information contained in this Statement of Ownership and Management, and upon request of Franchisor, complete an updated or new Statement of Ownership and Management and Guaranty executed by all owners of Franchisee.

FRANCHISEE:

____

Date: ____________________

By: ____________________
Name: ____________________
Title: ____________________

GUARANTY

IN CONSIDERATION of the grant by SkyRun Franchising Limited ("Franchisor") of SkyRun Vacation Rentals franchise to the party named as Franchisee ("Franchisee") in the License Agreement to which this Guaranty is attached (the "License Agreement"), and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby guarantee (jointly and severally with one another and all other guarantors of Franchisee, whether such guaranties are entered into prior to or after the date hereof) to Franchisor and to Franchisor's successors and assigns: (a) the payment of all costs and fees required to be paid to Franchisor or its affiliates by Franchisee, whether such costs and fees are provided for in the License Agreement or under any other agreement between Franchisee and Franchisor or an affiliate of Franchisor, and (b) the performance by Franchisee of all its obligations under all such agreements and under all manuals and operating procedures of Franchisor's business system. The undersigned further specifically agree to be individually bound by all covenants, obligations, and commitments of Franchisee contained in the License Agreement and such other agreements to the same extent as if each of the undersigned had individually been named as Franchisee in the License Agreement and such other agreements, and the undersigned had individually executed the License Agreement and such other agreements.

The undersigned understand and agree that any modification of the License Agreement or any other agreement, including any addendum or addenda thereto, or waiver by Franchisor of the performance by Franchisee of its obligations thereunder, or the giving by Franchisor of any extension of time for the performance of any of the obligations of Franchisee thereunder, or any other forbearance on the part of Franchisor or any failure by Franchisor to enforce any of its rights under the License Agreement or any other agreement, including any addendum or addenda thereto, shall not in any way release the undersigned from liability hereunder or terminate, affect or diminish the validity of this Guaranty, except to the same extent, but only to such extent, that the liability or obligation of Franchisee is so released, terminated, affected, or diminished. Notice to the undersigned of any such modification, waiver, extension, or forbearance under the terms thereof being hereby waived.

The undersigned further understand and agree that no bankruptcy or reorganization of Franchisee shall release or otherwise affect the obligations of the undersigned to pay all costs and fees provided for in all agreements between Franchisee and Franchisor or its affiliates, or otherwise owing to Franchisor or its affiliates, and to perform all the provisions of such agreements, as well as all manuals and operating procedures of Franchisor's business system, nor does the same release the undersigned from being individually bound to perform all covenants, obligations, and commitments of Franchisee contained in the License Agreement or any other agreement to the same extent as if each of the undersigned had individually executed the License Agreement and such other agreements.

This Guaranty shall be enforceable upon ten (10) days' written notice by Franchisor to any of the undersigned of any default by Franchisee of any of its covenants under the terms of the License Agreement and addendum or addenda thereto. The undersigned hereby waive any and all notice of default on the part of Franchisee; waive exhausting of recourse against Franchisee; and consent to any assignment of the License Agreement and any other agreement, in whole or in part, that Franchisor or its assignees may make. This Guaranty shall be a continuing Guaranty and may not be revoked without the prior written consent of Franchisor. This Guaranty shall apply to all agreements referenced in this Guaranty, to the renewal of all such agreements, and to any successor agreements thereto.

Date: ______________________________ ______________________________

Name: ______________________________

FRANCHISE ASSIGNMENT, SALE, AND TRANSFER
TO ENTITY OWNED BY ORIGINAL FRANCHISEE

1. ASSIGNMENT AND SALE

Pursuant to Section 13.3(a) of the SkyRun Vacation Rentals License Agreement dated ____________________, by and between the undersigned and SkyRun Franchising Limited (the "Agreement"), I/we hereby transfer, subject to approval by SkyRun Franchising Limited (the "Franchisor"), all my/our rights, in the Agreement, effective __________________________, to the Transferee (as defined below). I/we understand that this transfer does not relieve me/us of my/our obligations under the Agreement. To induce Franchisor to approve this assignment:

(a) I/we agree to subordinate any payment due to me/us from the Transferee to any other obligation the Transferee may have to Franchisor. If Franchisor notifies me/us of our default by the Transferee of its obligations to Franchisor under the Agreement, I/we will not accept any further amounts that may be owed to me/us by the Transferee until Franchisor has confirmed, in writing, that such defaults have been cured.

(b) I/we release Franchisor and its officers, directors, and agents, from all actions and claims I/we may have against them arising out of their sale to me/us of the Franchise, or in connection with my/our operation of the Franchise, including, but not limited to, any claims arising under the Agreement.

(c) I/we will remain bound to all the obligations of the Franchisee contained in the Agreement to the same extent as if I/we remain the Franchisee under that Agreement.

____
Name of New Franchisee ("Transferee")

____
Address of Transferee

____
City, State, and Zip Code of Transferee

____________________________________ ____________________________
Signature of Original Franchisee ("Transferor") Date

2. ACCEPTANCE OF TRANSFER BY TRANSFEREE

The undersigned entity hereby accepts transfer of the Agreement and agrees to be bound by all of the provisions of the Agreement and to assume all of the obligations required of Franchisee named herein.

____
Name of Transferee

By: ____________________________________ Date: ______________________
Name: ____________________________________
Title: ____________________________________

3. APPROVAL OF TRANSFER

It is hereby agreed that the Transferee is approved and accepted as Franchisee for the Business described in the Agreement and is authorized to exercise all rights and obligations of Franchisee named in the Agreement including the right to renew the Agreement upon expiration thereof, pursuant to the terms of the Agreement.

SKYRUN FRANCHISING LIMITED

Date: ______________________________

By: ______________________________

Name: ______________________________

Title: ______________________________

GENERAL RELEASE
(USED IN EVENT OF TRANSFER)

In consideration of the agreement of SkyRun Franchising Limited ("Franchisor") to consent to the assignment by ___________________________________ ("Franchisee") of its License Agreement dated _______________ between Franchisee and Franchisor (the "Agreement"), Franchisee hereby releases and forever discharges Franchisor, and all affiliates of Franchisor, and their respective governors/directors, managers/officers, owners/shareholders, employees, and agents, in their corporate and individual capacities, and their respective heirs, personal representatives, successors, and assigns, from any and all claims Franchisee may have against such parties, from the beginning of time to the date hereof, known or unknown, whether in law or in equity, including, but not limited to, any claims arising out of the offer or sale of any franchise to Franchisee, and any matters arising under the Agreement.

NOTWITHSTANDING THE FOREGOING, THIS RELEASE DOES NOT RELEASE ANY CLAIMS THE UNDERSIGNED MAY HAVE THAT MAY NOT BE RELEASED PURSUANT TO THE FRANCHISE LAWS WHERE THE UNDERSIGNED IS A RESIDENT OR WHERE THE BUSINESS IS LOCATED, TO THE EXTENT REQUIRED BY APPLICABLE LAW.

Date: ___________________________________ ____

Name: ___________________________________

ADDENDUM TO
SKYRUN FRANCHISING LIMITED LICENSE AGREEMENT
FOR THE
STATE OF CALIFORNIA

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited License Agreement, the following provisions shall supersede any inconsistent provisions and apply to all SkyRun franchises offered and sold or operated in the State of California.

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and nonrenewal of the License Agreement and certain provisions of the License Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the License Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the License Agreement is inconsistent with the law, the law will control.

2. The License Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the License Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The License Agreement requires application of the laws and forum of Colorado. This provision may not be enforceable under California law.

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

5. The provision in the License Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The License Agreement requires that the highest interest rate allowed by law in California is 10% annually.

7. The License Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.

8. Sections 16.2, 16.3 and 16.4 of the License Agreement are hereby deleted in their entirety and replaced with the following: "INTENTIONALLY OMITTED".

9. 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 a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the License Agreement was executed.

FRANCHISOR:
SKYRUN FRANCHISING LIMITED,
a Colorado limited liability company

By: ____________________________________

Printed Name:____________________________

Title:___________________________________

FRANCHISEE:

____

By: ____________________________________

Printed Name: ____________________________

Title: __________________________________

ADDENDUM TO
SKYRUN FRANCHISING LIMITED LICENSE AGREEMENT
FOR THE
STATE OF HAWAII

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited License Agreement, the following provisions shall supersede any inconsistent provisions and apply to all SkyRun franchises offered and sold or operated in the State of Hawaii.

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

1. Based upon the Franchisor's financial condition, the Hawaii Director of Commerce and Consumer Affairs has required deferral of all initial fees that are to be paid to the Franchisor until the Franchisor's pre-opening obligations to the franchisee have been fulfilled and the franchisee is open for business.

2. 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 a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Sections 16.2, 16.3 and 16.4 of the License Agreement are hereby deleted in their entirety and replaced with the following: "INTENTIONALLY OMITTED".

Each provision of this Addendum will be effective only to the extent that, with respect to the provision, the jurisdictional requirement of the Franchise Investment Law of Hawaii is met independently without reference to this Hawaii Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the License Agreement was executed.

FRANCHISOR:
SKYRUN FRANCHISING LIMITED,
a Colorado limited liability company

By: ______________________________________

Printed Name:_____________________________

Title:_____________________________________

FRANCHISEE:

____

By: ______________________________________

Printed Name: ____________________________

Title: _____________________________________

ADDENDUM TO
SKYRUN FRANCHISING LIMITED LICENSE AGREEMENT
FOR THE
STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited License Agreement, the following provisions shall supersede any inconsistent provisions and apply to all SkyRun franchises offered and sold or operated in the State of Minnesota.

This Minnesota Addendum is only applicable if you are a resident of Minnesota or if your business will be located in Minnesota.

1. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial franchise fees owed by franchisee shall be deferred until the business opens.

2. Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. The franchisor will comply with Minn. Stat. Section 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

4. To the extent required by the Minnesota Franchise Act, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.

5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

6. The franchisor will comply with Minnesota Statute Section 80C.17 Subd. 5 with respect to limitation of claims.

7. 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 a franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the License Agreement was executed.

FRANCHISOR:
SKYRUN FRANCHISING LIMITED,
a Colorado limited liability company

By: ______________________________________

Printed Name:_____________________________

Title:_____________________________________

FRANCHISEE:

____

By: ______________________________________

Printed Name: _____________________________

Title: _____________________________________

ADDENDUM TO
SKYRUN FRANCHISING LIMITED LICENSE AGREEMENT
FOR THE
STATE OF VIRGINIA

Notwithstanding anything to the contrary set forth in the SkyRun Franchising Limited License Agreement, the following provisions shall supersede any inconsistent provisions and apply to all SkyRun franchises offered and sold or operated in the State of Virginia.

This Virginia Addendum is only applicable if you are a resident of Virginia or if your business will be located in Virginia.

1. The Virginia State Corporation Commission Division of Securities and Retail Franchising requires the Franchisor to defer payment of the Initial Franchise Fee and other initial payments owed by the Franchisee to the Franchisor until the Franchisor meets its pre-opening obligations under the License Agreement.

Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date the License Agreement was executed.

FRANCHISOR:
SKYRUN FRANCHISING LIMITED,
a Colorado limited liability company

By: ____________________________________

Printed Name:____________________________

Title:___________________________________

FRANCHISEE:

____

By: ____________________________________

Printed Name: ___________________________

Title: __________________________________

EXHIBIT G
TRAVELNET SUPPLIER AGREEMENT

TravelNet Supplier Agreement

This TravelNet Supplier Agreement ("**Agreement"**) is made and entered into as of the date of the last signature below (the "**Effective Date**") by and between SkyRun Franchising Limited, a Colorado limited liability company ("**SkyRun**") and [entity name], a [state/country of formation and entity type] ("**Franchisee**").

<u>Premises</u>

Franchisee and SkyRun have entered into a License Agreement (the "**License Agreement**") under which SkyRun granted Franchisee certain rights to operate a Business (as that term is defined in the License Agreement).

SkyRun has entered into an order form and master services agreement with TravelNet Solutions, LLC ("**TNS**") (the "Master Services Agreement") under which TNS is granting SkyRun and its franchisees access to TNS's property management, rental/booking, and CRM platform the "Platform").

Franchisee has entered into a franchisee addendum with TNS (the "**Franchisee Participation Agreement**") wherein Franchisee consented to, joined in and agreed to be bound by certain of the terms and conditions of the Master Services Agreement (including, without limitation, all obligations of "Customer" thereunder) as if Franchisee had directly signed and delivered the Agreement to TNS.

Under the Franchisee Participation Agreement, Franchisee will pay a monthly fee to use the Platform and may purchase optional Enhanced Services (as defined in the Franchisee Participation Agreement) and other services from TNS.

SkyRun has agreed to pay TNS the monthly fee and fees for the Core Services (as defined in the Master Services Agreement) attributable to Franchisee and for the optional fees incurred by Franchisee under the Franchisee Participation Agreement. SkyRun has also agreed, as required by TNS, to assume certain liability to TNS regarding Franchisee's acts or omissions as they relate to the Franchisee's use of the Platform and certain customer information.

Franchisee agrees to pay SkyRun for fees incurred by Franchisee under the Franchisee Participation Agreement and to indemnify SkyRun for its actions thereunder.

In consideration of the Premises, the mutual promises of the parties, and the mutual benefits to be gained by performance, the parties agree as follows:

1. **Payment.** Upon SkyRun's receipt of the applicable invoice(s) from TNS, SkyRun will invoice Franchisee for the monthly fee and any other fees incurred by Franchisee under the Franchisee Participation Agreement. Franchisee shall pay SkyRun within fifteen (15) days of the date of SkyRun's invoice. Franchisee's non-payment of any invoice hereunder shall be a material breach of the License Agreement. In addition to any other rights under the License Agreement, SkyRun may exercise its pre-termination and termination options as set forth therein.

2. **Additional TNS Products or Services**. Franchisee shall promptly inform SkyRun if Franchisee enters into any additional agreements, statements of work, or order forms with TNS. Any such additional agreements, statements of work, or order forms shall become part of the Franchisee Participation Agreement.

3. **Data**. Franchisee acknowledges and agrees that SkyRun has entered into a business relationship with TNS for the benefit of the SkyRun franchise system and its franchisees.

Accordingly, Franchisee agrees that SkyRun may receive and use certain data and information from TNS involving Franchisee's Business and that SkyRun shall be the owner of such data.

4. **Representations and Warranties**. Franchisee represents and warrants that the representations, warranties and covenants set forth in the Franchisee Participation Agreement that are applicable to Franchisee are true, complete and correct in all respects with regard to Franchisee.

5. **Indemnification**. In addition to any indemnification obligations under the License Agreement, Franchisee shall indemnify, defend and hold harmless SkyRun, its affiliates and their respective officers, directors, managers, members, employees, and agents against all claims, demands, losses, damages (including punitive damages), costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious (and including damages suffered by Franchisee or any of its property) for which they are held liable, or which they incur (including travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of: (a) the Franchisee Participation Agreement; (b) Franchisee's use of TNS's products or services; or (c) Franchisee's violation of applicable law

6. **Term**. The term of this Agreement shall commence on the Effective Date and shall continue in effect until the termination of all of Franchisee's obligations under the License Agreement.

7. **Survival.** The provisions of this Agreement, which, by their terms, require performance after the termination of this Agreement, or have application to events that may occur after the termination of this Agreement, shall survive the termination of this Agreement, including without limitation Franchisee's payment and indemnification obligations.

8. **Independent Contractors.** In performing under this Agreement, each party is acting as independent contractor, and the provisions of this Agreement shall not in any respect whatsoever be deemed to create a partnership, joint venture, or other business combination between SkyRun and Franchisee. Without limiting the generality of the foregoing, SkyRun's acceptance of certain liability of the acts or omissions of Franchisee under the Master Services Agreement shall not be deemed to make SkyRun the direct or joint employer of any of Franchisee's employees.

9. **No Third Party Beneficiaries.** This Agreement does not create any third party beneficiary rights in any individual or entity that is not a party to this Agreement.

10. **Notices.** Any notices required or permitted to be given under this Agreement: (a) shall be in writing signed by or on behalf of the party making the same; (b) shall be deemed given or delivered (i) if sent by confirmed e-mail, when received, (ii) if sent by messenger or reputable courier service, when delivered; and (c) shall be addressed to the other party at its address set forth in the License Agreement.

11. **Assignment.** Franchisee shall not assign this Agreement, or delegate any of its rights under this Agreement, without SkyRun's prior written consent. Any assignment or transfer in violation of this Section will be void. Subject to the foregoing, this Agreement will be binding upon, and inure to the benefit of the parties and their respective successors and assigns. SkyRun may assign this Agreement at any time without Franchisee's written consent or notice to Franchisee.

12. **No Waivers.** The failure by SkyRun to enforce any provision of this Agreement will not constitute a present or future waiver of such provision nor limit SkyRun's right to enforce such provision at a later time. All waivers by SkyRun must be in writing to be effective.

13. **Severability.** If any provision of this Agreement is held to be invalid or unenforceable, the remaining portions of this Agreement will remain in full force and effect. Any invalid or unenforceable portions will be interpreted to effect and intent of the original portion. If such construction is not possible, the invalid or unenforceable portion will be severed from this Agreement, but the rest of the Agreement will remain in full force and effect.

14. **Governing Law; Jurisdiction; Venue.** This Agreement shall be governed by the laws of the State of Colorado, without regard to its choice of law principles or rules. SkyRun and Franchisee each agree that if litigation is commenced, the sole forum for resolving disputes under this Agreement or any aspect of the relationship between the parties shall be the state and federal courts of Colorado. Such actions shall be exclusively venued in the District Courts of Colorado, County of Broomfield, or the United States District Court for the District of Colorado, and the parties waive any objections they may have to either the jurisdiction or the venue in such courts and hereby consent to personal jurisdiction and venue in such courts.

15. **Entire Agreement.** This Agreement along with the agreements referenced herein make-up the entire agreement between Franchisee and SkyRun regarding the subject matter of this Agreement. This Agreement supersedes all prior or contemporaneous representations, understandings, agreements, or communications between Franchisee and SkyRun, whether written or verbal, regarding the subject matter of this Agreement. Notwithstanding the foregoing, this Agreement does not supersede or modify the License Agreement or any other agreement executed in connection therewith. No amendments to this Agreement shall be valid unless made in writing and signed by the parties to this Agreement.

16. **Execution.** This Agreement may be executed in multiple counterparts, and such counterparts, when taken together, shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by email, electronic signature service, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

SkyRun Franchising Limited	[Franchisee Entity Name]
By: ______________________	By: ______________________
Authorized Signature	Authorized Signature
______________________	______________________
Name Typed or Printed	Name Typed or Printed
______________________	______________________
Title	Title
______________________	______________________
Date Signed	Date Signed

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EXHIBIT H
ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

Franchisee: ______________________________
Location: ______________________________
Date: ______________________________

Attention: Accounting

The undersigned has entered into a License Agreement with SkyRun Franchising Limited (the "License Agreement"), and authorizes SkyRun Franchising Limited ("Franchisor") or any of its affiliated entities, to initiate one-time, weekly, and/or monthly ACH debit and credit entries against the account of the undersigned with you in payment of amount for ongoing royalty fees, advertising fees, and other amounts that become due and payable by the undersigned to Franchisor or any affiliate pursuant to the License Agreement or any other agreement between the undersigned and Franchisor or any affiliate. The dollar amount to be debited per payment and credited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit and credit entry initiated by Franchisor.

This authorization is binding, and will remain in full force and effect until ninety (90) days prior written notice has been given to you by the undersigned, subject to applicable law. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit and credit entries pursuant to this letter of authorization.

Please honor ACH debit and credit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit and credit entries.

Sincerely,

By: ______________________________
Name: ______________________________

______________________________ Account Name	______________________________ Bank Name
______________________________ Customer Street Address	______________________________ Branch
______________________________ City State Zip Code	______________________________ Bank Street Address
______________________________ Customer Phone Number	______________________________ City State Zip Code
______________________________ Customer's Account Number	______________________________ Bank Phone Number
______________________________ Bank's Account Number	______________________________ Bank Routing/ABA Number

EXHIBIT I
FRANCHISEE QUESTIONNAIRE

FRANCHISE QUESTIONNAIRE

If you are a resident of the State of California or your franchise is located in California you are not required to sign this Questionnaire. If any California franchisee completes this Questionnaire, it is against California public policy and will be void and unenforceable, and we will destroy, disregard, and will not rely on such Questionnaire.

The purpose of this **FRANCHISE QUESTIONNAIRE** is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed our License Agreement and any attachments to it?

   Yes: ☐ **No**: ☐

2. Have you received and personally reviewed our Franchise Disclosure Document ("FDD")?

   Yes: ☐ **No**: ☐

3. Did you sign a Receipt for the FDD indicating the date you received it?

   Yes: ☐ **No**: ☐

4. Have you discussed the benefits and risks of purchasing a SkyRun franchise with an attorney, accountant, or other professional advisor?

   Yes: ☐ **No**: ☐

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

   Yes: ☐ **No**: ☐

5. Do you understand that the success or failure of your SkyRun franchise will depend in large part upon your skills and abilities, competition from others, and other economic and business factors?

   Yes: ☐ **No**: ☐

6. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a SkyRun franchise?

   Yes: ☐ **No**: ☐

7. Has any employee or other person speaking on our behalf made any statement (other than the information contained in Item 19 of the FDD), or any promise regarding the amount of money you may earn in operating a SkyRun franchise?

   Yes: ☐ **No**: ☐

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a SkyRun franchise?

   Yes: ☐ **No**: ☐

9. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the training or support service or other assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes: ☐ **No**: ☐

10. Have you paid any money to us concerning the purchase of your SkyRun franchise prior to today?

Yes: ☐ **No**: ☐

11. If you answered "Yes" to any of Questions 6 to 10, please provide a full explanation of each "Yes" answer in the following blank lines. Attach additional pages, if necessary, and refer to them below.

____
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____
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12. I signed the License Agreement and Addendum (if any) on ________________, 20___, and acknowledge that no License Agreement or Addendum is effective until signed and dated by SkyRun Franchising Limited.

Your responses to these questions are important to us and we will rely on them.

By signing below, you are representing that you have responded truthfully to the above questions.

FRANCHISEE APPLICANT:

By: ________________________________
Name: ________________________________
Date: ________________________________

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Michigan	April 26, 2024
Minnesota	Pending
Rhode Island	Pending
Virginia	Pending
Wisconsin	April 26, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Disclosure Document summarizes certain provisions of the License Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If SkyRun Franchising Limited offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Michigan requires that SkyRun Franchising Limited gives you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or payment of any consideration, whichever occurs first. New York requires you to receive this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. If SkyRun Franchising Limited does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit B.

The franchisor is SkyRun Franchising Limited, 390 Interlocken Crescent, Suite 350, Broomfield, Colorado 80021. Its telephone number is 970-660-4422. The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Franchise Seller	**Principal Business Address**	**Telephone No.**
☐ Lukas Krause	390 Interlocken Crescent, Ste 350, Broomfield, CO 80021	970-660-4422
☐ Kyle Gjersee	390 Interlocken Crescent, Ste 350, Broomfield, CO 80021	970-660-4422
☐ Other: ____________	____	______________

Issuance Date: April 26, 2024

SkyRun Franchising Limited authorizes the respective parties identified on Exhibit B to receive service of process for us in the particular state.

I have received a Disclosure Document with an Issuance Date of April 26, 2024, that included the following Exhibits:

Exhibit A.	State Specific Addenda to Disclosure Document
Exhibit B.	List of State Agencies and Agents for Service of Process
Exhibit C.	Table of Contents of Operations Manual
Exhibit D.	List of Outlets
Exhibit E.	Financial Statements
Exhibit F.	License Agreement, Statement of Ownership and Management, Guaranty, General Release, Transfer Form, and State Specific Addenda to License Agreement
Exhibit G.	TravelNet Supplier Agreement
Exhibit H.	Electronic Transfer of Funds Authorization
Exhibit I.	Franchisee Questionnaire

Indicate the date on which you received this Disclosure Document, sign, indicate the date you signed this Receipt, and promptly return one completed copy of the Receipt to SkyRun Franchising Limited, at 390 Interlocken Crescent, Suite 350, Broomfield, Colorado 80021. Keep the second copy of the Receipt for your records.

______________________________	______________________________
Date Disclosure Document Received	Prospective Franchisee's Signature
______________________________	______________________________
Date Receipt Signed	Print Name
	Address: ______________________
	______________________________

RECEIPT

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☐ Kyle Gjersee	390 Interlocken Crescent, Ste 350, Broomfield, CO 80021	970-660-4422
☐ Other: ____________	____	______________

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______________________________	______________________________
Date Disclosure Document Received	Prospective Franchisee's Signature
______________________________	______________________________
Date Receipt Signed	Print Name
	Address: ______________________
	______________________________

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