

FRANCHISE DISCLOSURE DOCUMENT



TOOTL FRANCHISING, LLC
3400 Dundee Road, Suite 300
Northbrook, Illinois 60062
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Tootl grants qualified individuals and entities the right to operate a business offering transportation services to seniors and other individuals with disabilities, mobility and cognitive challenges who may also use a wheelchair, scooter or mobility device under the “Tootl Transport” mark (the “Tootl Business”).

The total investment necessary to begin operation of a Tootl Business ranges from \$78,400 to \$97,400, which includes \$49,900 that must be paid to us or our affiliates prior to opening.

Tootl also offers qualified parties the right to enter into multiple franchise agreements in addition to a multi-unit addendum to operate multiple Tootl Businesses. The total investment to operate three (3) Tootl Businesses is \$158,200 - \$177,200, which includes a Multi-Unit Fee of \$129,700 that must be paid to us or our affiliates prior to opening.

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, us or an affiliate of ours in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Tootl Transport at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062 or email michelle@ridetootl.com.

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

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

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

The Issuance Date of this disclosure document is April 6, 2023.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about 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 H.
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 Tootl Transport 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 Tootl Transport franchisee?	Item 20 or Exhibit H 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 his 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 A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Illinois. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Illinois than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Mandatory Minimum Payments.** You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

**ADDITIONAL COVER PAGE
FOR THE 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 A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES

NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

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

As to any state law described in this addendum that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

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

The Franchisor is referred to in this Disclosure Document as “Tootl,” “we,” “us” or “our.” “You” or “your” means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

Tootl is a limited liability company organized under the laws of the State of Illinois on November 24, 2020. Our principal business address is 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062. Tootl conducts business under its corporate name and the trade name and trademark “Tootl Transport.” Our agents for service of process are listed in Exhibit A to this Disclosure Document.

Tootl grants qualified individuals and entities the right to operate a business offering transportation to senior and other individuals with disabilities, mobility and cognitive challenges who may use a wheelchair, scooter or mobility device and other services (collectively, the “Approved Services”) under the “Tootl Transport” mark (the “Tootl Business”). You must also offer and sell to your customers designated products (the “Approved Products”) associated with the Approved Services which may be offered from time to time. Tootl has been franchising since April 6, 2023. Except as stated above, Tootl does not engage in any other business activities and have not offered franchises in any other line of business.

The Tootl Business

Your Tootl Business will offer the Approved Products and Approved Services within a defined designated territory (the “Designated Territory”). You do not need any specific prior experience in order to operate a Tootl Business.

Each Tootl Business operates according to our proprietary business system, which includes our valuable know-how, information, trade secrets, methods, Operations Manual (as defined herein), standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential communications, methods of Internet usage, marketing programs, and research and development (collectively, the “System”). Tootl reserves the right to add, modify or change the System, Approved Products and Approved Services at any time.

If you are granted the right to own and operate a Tootl Business, you may operate the Tootl Business from a home office that meets our System standards and specifications, to the extent such standards/specifications have been reduced and provided to you in writing (the “Approved Location”). A typical range for the size of the home office from which a Tootl Business is operated is 100 to 300 square feet.

Tootl identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, distinctive trade dress, and indicia of origin, including, but not limited to, the mark “TOOTL TRANSPORT” and such other trade names, trademarks, and service marks as Tootl now designate or may in the future designate in writing for use in connection with the System (the “Proprietary Marks”). Tootl continues to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services marketed under the Proprietary Marks and System, and to represent the System’s high standards of quality, appearance and service.

You must enter into our current form of franchise agreement (each, a “Franchise Agreement”), which is attached to this Disclosure Document as Exhibit B, for each Tootl Business Tootl grants you the right to

open and operate.

Multi-Unit Offering

Tootl also offers qualified parties the right to enter into a Multi-Unit Addendum attached to this Franchise Disclosure Document as Exhibit C (“Multi-Unit Addendum”). Subject to the terms of the Multi-Unit Addendum, you will be granted the right to execute up to three (3) Franchise Agreements to open and operate up to three (3) Tootl Businesses at once, each with their own Designated Territory that are typically contiguous to one another (“Multi-Unit Offering”). Each Tootl Business will be opened and operated pursuant to its respective Franchise Agreement, but you will also need to comply with the terms and conditions set forth in our form of Multi-Unit Addendum, including, but not limited to, minimum royalty fees, and requirements for the vehicles (which will apply to your operation of all Tootl Businesses granted as part of your Multi-Unit Offering). If you execute a Multi-Unit Addendum and all of your Territories are contiguous, we will allow you to operate in each Territory at the same time. If your Territories are not contiguous, then you will be required to (i) obtain an Approved Location for each Territory, (ii) wait 6 months before you may open up the next Territory, and (iii) you must be fully compliant with all of your agreements with us in order to open each Territory.

As part of the Multi-Unit Offering, you will be required to open at least one (1) Approved Location, which may be a home office, and which may serve as a central Approved Location for all contiguous Protected Territories. You will still be required to commence soliciting customers, marketing and providing the Approved Services, in each of the Protected Territories that are granted under the multiple Franchise Agreements you have executed.

You will be required to sign all Franchise Agreements associated with your Multi-Unit Offering, as well as your Multi-Unit Addendum, at the same time. As of the Issuance Date of this Franchise Disclosure Document, Tootl does not intend or expect to offer a new prospect the right to participate in a Multi-Unit offering for more than three (3) Tootl Businesses (but Tootl reserves the right to do so). The disclosures in this Franchise Disclosure Document, however, assume that the Multi-Unit Offering will involve the purchase of up to three (3) Tootl Businesses.

Parents, Predecessors and Affiliates

Our affiliate, Special Needs Milwaukee, LLC, is an Illinois limited liability company with a business address at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062. Special Needs Milwaukee, LLC dba Tootl has operated a substantially similar business since March 2021 in Milwaukee, Wisconsin. Our affiliate does not engage in any other line of business and has not offered franchises in this line or any other line of business and does not offer or provide products or services to franchisees.

Except as set forth above, Tootl does not have any parents, predecessors, or affiliates that (a) offer or operate franchises in any line of business, or (b) are otherwise involved in any other business activity.

Market and Competition

Tootl Businesses service the transportation needs of individuals with disabilities, mobility and cognitive challenges, many of whom use a wheelchair, scooter or mobility device. Our services are not seasonal in nature. The transportation industry is competitive and well developed in most markets. Tootl Businesses compete with other businesses that offer transportation services, including ride-share businesses, franchised and independently owned transportation businesses. Despite this competition, Tootl believes that Tootl Businesses will appeal to customers because of Tootl’s high standards and experience in the

industry and unique business advantages.

Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service, in the operation of your Tootl Business.

Industry Specific Regulations

In addition to laws and regulations that apply to businesses generally, many states and localities regulate transportation services and require operating certificates, licenses or permits to conduct these businesses. This may involve an application and registration process and payment of a fee. In addition these agencies regulate the tariffs which you can charge customers. The U.S. Department of Transportation also restricts the number of hours per day you can drive and the amount of rest periods required.

You must investigate all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, with an attorney and/or financial advisor before purchasing a Tootl Business from us. It is solely your responsibility to investigate these laws and regulations, and you alone are responsible for compliance despite any advice or information that Tootl may give you. Tootl has not researched any of these laws or regulations to determine their specific applicability to your Tootl Business. Applicable laws and regulations are subject to change.

ITEM 2 BUSINESS EXPERIENCE

President: Michelle Dacy

Ms. Dacy has served as our President since our inception in Northbrook, Illinois. Ms. Dacy has also served as President of Special Needs Chicago, Inc. in Wheaton, Illinois and has held that position since November 2012.

Vice President of Operations: Tom Dacy

Mr. Dacy has served as our Vice President of Operations since our inception in Northbrook, Illinois. Mr. Dacy has also served as the Director of Operations of Special Needs Chicago, Inc. in Wheaton, Illinois and has held that position since February 2017. Mr. Dacy also served as a restaurant owner/operator, consultant and manager of single and multi-unit operations in the Midwest from January 1990 to December 2017.

Board Member: Debra Vilchis

Ms. Vilchis has served as our Board Member since our inception in Northbrook, Illinois. Ms. Vilchis is also President of Fishman Public Relations and has held this position since February 2022 in Northbrook, Illinois. Ms. Vilchis also previously served as COO of Fishman Public Relations from May 2006 to February 2022.

Board Member: Steven Greenbaum, CFE

Mr. Greenbaum is a certified franchise expert and has served as our Board Member since our inception in Northbrook, Illinois. Mr. Greenbaum is also CEO/Founder of Full Contact Franchising in Scottsdale, Arizona and has held this position since November 2019. Mr. Greenbaum also previously served as (a) CEO for Best Life Brands in Bloomfield Hills, Michigan and held that position from October 2017 to

October 2019, and (b) CEO of PostNet International Franchise Corporation in Denver, Colorado and held that position from February 1992 to April 2017.

Board Member: Brad Fishman

Mr. Fishman has served as our Board Member since our inception in Northbrook, Illinois. Mr. Fishman is also CEO of Fishman Public Relations and has held this position since March 1992. Mr. Fishman is also a Board Member of the following companies: (i) Franchise Elevator in Northbrook, Illinois since June 2013, (ii) FranFund in Fort Worth, Texas since March 2008, and (iii) MyFrii in Winston Salem, North Carolina since January 2021.

**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**

Franchise Agreement

Initial Franchise Fee. The initial franchise fee you must pay to us is \$49,900 (the “Initial Franchise Fee”) which is a fee for a territory of approximately 250,000 – 300,000 people and is due upon execution of the Franchise Agreement. The Initial Franchise Fee is deemed fully earned and non-refundable upon payment.

Multi-Unit Offering

Multi-Unit Fee

If Tootl grants you the right to participate in our Multi-Unit Offering, then you must pay us a multi-unit fee based on the number of Tootl Businesses Tootl grants you the right to develop. Our multi-unit fee is set forth below (“Multi-Unit Fee”):

Tootl Businesses	Multi-Unit Fee
1	\$49,900
2	\$89,800
3	\$129,700

Except as described above, all of the fees described in this Item 5 are paid in a lump sum and are uniformly calculated and imposed.

**ITEM 6
OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	<p>Six percent (6%) of the Gross Sales of the Tootl Business (the “Royalty Fee”).</p> <p>Starting in the fourth (4th) month after executing the Franchise Agreement, you will pay Tootl the greater of (i) six percent (6%) of the monthly Gross Sales of the Tootl Business, or (ii) the Minimum Royalty Fee.</p>	The Royalty Fee is currently due monthly within 30 days after the end of each calendar month.	See Notes 1 and 2 for the definition of Gross Sales and Minimum Royalty Fee. Your first Royalty Fee payment is due in the first full week after the date the Tootl Business opens and shall be paid based on all Gross Sales accrued prior to the opening date and during your first full or partial week of operations.
Brand Fund Contribution	Currently, two percent (2%) of your Gross Sales each month (the “Brand Fund Contribution”). Tootl reserves the right to increase your Brand Fund Contribution to three percent (3%) of your Gross Sales.	Currently due monthly within 30 days after the end of each calendar month.	See Notes 1 and 2 below.
Local Advertising Requirement	<p>Currently, two percent (1%) of your Gross Sales per month (the “Local Advertising Requirement”).</p> <p>Tootl may increase the Local Advertising Requirement up to three percent (3%) of Gross Sales each month, upon 90 days’ prior written notice to you.</p>	Payable by the end of each month. As incurred.	In addition to your Brand Fund Contribution, beginning in the first full month after the date the Tootl Business opens, you are obligated to meet your Local Advertising Requirement, which is spent on local advertising and promotional activities, which shall be payable directly to third party vendors. Tootl reserves the right to require you to pay this amount directly to us or our affiliates. If you fail to meet your Local Advertising obligations in any month, Tootl may require you to pay the shortfall as an additional advertising fee or to pay the shortfall for Tootl to spend on local advertising in your Designated Territory.
Technology Fee	<p>Our then-current technology fee, which is currently \$250 per month (the “Technology Fee”).</p> <p>Tootl reserves the right to increase</p>	Currently due monthly by the tenth (10 th) day of the following month.	The Technology Fee currently includes fees related to your access to and usage of our reservation system, our intranet, certain

	or decrease the Technology Fee at any time upon 30 days' prior written notice to you.		software, and any mobile applications Tootl develops, and the System website. Tootl may add, delete, or otherwise modify the products and services that are included in the Technology Fee. There is no cap on the amount the Technology Fee may be increased. The first month will be assessed pro rata from the date on which you begin offering Approved Products and/or Approved Services.
Call Center Fee	We do not currently charge a call center fee, however, we reserve the right to charge one in the future and require your participation in the call center. If we do implement a call center, you will be required to pay up to four percent (4%) of your Gross Sales each month (the "Call Center Fee").	Monthly	If implemented, the Call Center Fee includes fees related to your account setup and utilization of a call center for routing customers to your Tootl Business. We reserve the right to require you to use our preferred service provider (which may include us or our affiliate) to receive call center services, in which case we may charge the Call Center Fee.
Renewal Fee	\$15,000 (the "Renewal Fee").	Upon execution of a successor franchise agreement.	You will be obligated to pay a Renewal Fee for each and every Tootl Business you wish to renew under the Multi-Unit Addendum.
Transfer Fee	\$15,000 (the "Transfer Fee").	Upon execution of our transfer agreement.	No Transfer Fee is due for transfers upon death or incapacity which occurs prior to the date of transfer.
Late Fee and Interest	The lesser of (i) eighteen percent (18%), and (ii) the maximum interest rate allowed by law from the due date of payment. You must also pay us \$100 for each week that a payment is paid after the due date which is in addition to the interest above.	When amount owed becomes past due.	Required whenever a payment to us or our affiliate(s) is made after its due date.

Initial Training Fee for Replacement or Additional Trainees	Currently, \$0 per trainee for up to three (3) trainees who attend a scheduled training class at our headquarters or other location designated by us. \$500 per each additional trainee after the initial three (3) trainees.	Within fourteen (14) days of receipt of an invoice.	Tootl will provide the Initial Training Program for the first three (3) trainees at no charge. Tootl reserves the right to charge a reasonable fee for training (i) more than three (3) trainees, even if they attend the same training session, (ii) persons who are repeating the course or replacing a person who did not pass, or (iii) subsequent operating principals, designated managers, or employees who attend the course.
Additional Training Programs	Varies based on the program	Within fourteen (14) days of receipt of an invoice.	Tootl may charge you a reasonable fee for optional or required training programs that Tootl may provide.
In-Person Consulting Services	The then-current fee, which is currently \$500 per employee or agent for each full or partial day, plus their travel and living expenses.	Within fourteen (14) days of receipt of an invoice.	Payable if Tootl provide requested consulting services in person at a place other than our offices. Tootl may change this fee without limitation from time to time upon written notice to you.
Temporary Designated Manager	The then-current fee, which is currently \$500 per employee or agent for each full or partial day, plus their travel and living expenses.	Within fourteen (14) days of receipt of an invoice.	Payable if Tootl provides a Designated Manager to work at your Tootl Business after the departure of your previous manager, until a new Designated Manager is hired and trained.
Temporary Management	The then-current fee charged by us during the period of management, plus any direct out of pocket costs and expenses. Tootl reserves the right to charge up to ten percent (10%) of the Gross Sales generated during the time period that Tootl provides temporary management.	Within fourteen (14) days of receipt of an invoice.	Payable if Tootl exercises its right to manage your Tootl Business after a default.
Annual Convention	The then-current Annual Convention Fee. The current fee for the Annual Convention is currently \$1,000 for up to two (2) people to	Prior to attending the event	Payable for you and your employee(s) who attend the Annual Convention that Tootl hosts. You are

	attend. Tootl may charge a reasonable fee for additional attendees. Tootl reserves the right to host up to two (2) Annual Conventions per year.		responsible for the travel and living expenses of you and your employees. If you do not attend the Annual Convention(s), you must still pay us the application Annual Convention Fee, regardless of the cause for non-attendance, unless you receive our advance written approval for such absence.
Product, Service, Supplier, and Service Provider Review	Our reasonable costs of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs.	Upon Demand.	Payable if you wish to offer products or use any supplies, equipment, or services that Tootl has not approved or wish to purchase from a supplier or service provider that Tootl have not approved, whether or not Tootl approves the item, service, product, or service provider.
Insurance	Cost of premium plus a reasonable fee for our services in procuring the insurance.	Upon demand	Payable only if you fail to maintain the minimum insurance Tootl requires and Tootl chooses to procure the required insurance for you.
Audit Costs	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses.	Within fourteen (14) days of receipt of an invoice.	Payable if an audit or review shows an understatement of Gross Sales for the audited or reviewed period of two percent (2%) or more.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees).	Upon demand.	Payable if Tootl incurs losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Tootl Business.
Enforcement Expenses	Our reasonable cost of de-identifying your Tootl Business or complying with other post-term obligations on your behalf.	Upon demand.	Payable if your Franchise Agreement expires or is terminated and you fail to de-identify (or comply with other post-term obligations) for your Tootl Business and Tootl takes steps to do so.

Explanatory Notes

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that Tootl or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend under the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, Tootl uniformly imposes all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

Manner of Payment. Except for the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the “EFT Program”), under which Tootl automatically deducts all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the “EFT Account”). You must immediately deposit all revenues from operation of your Tootl Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Tootl Business, you must provide us with: (i) your bank’s name, address and account number; and (ii) a “voided” check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. Tootl reserves the right to require you to pay any fees due under by other means as Tootl may specify from time to time. If any Gross Sales Report has not been received within the required time period, then Tootl may process an electronic funds transfer for the subject month based on the most recent Gross Sales Report you submitted, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Tootl may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Tootl will credit the excess amount to the payment of your future obligations.

2. Royalty. You must pay us a monthly royalty fee (the “Royalty Fee”) deducted within ten (10) business days at the end of each calendar month in an amount equal to the greater of (i) six percent (6%) of Gross Sales generated by your Tootl Business, or (ii) the Minimum Royalty Fee each month. Tootl reserves the right to change the interval when you pay the Royalty Fee to us upon reasonable notice to you.

Gross Sales. “Gross Sales” are defined to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Tootl Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

Minimum Royalty Fee. Your Minimum Royalty Fee is based upon: (i) the number of months the Tootl Business has been open and operating; and (ii) the number of Tootl Businesses that you operate. The Tootl Business shall be considered open and operating on the day that you complete the Initial Training Program. Your Minimum Royalty Fee of \$500 (if you operate in a single Territory) begins four (4) months from the date you complete the Initial Training Program. The Minimum Royalty Fee per Territory is as follows:

Time Of Operation	Per Territory
First 3 Months	6% of Gross Sales
4 to 12 Months	\$500
Second Year	\$1,000
Third Year+	\$1,500

You must also send us a signed Gross Sales Report (“Gross Sales Report”) on or before the tenth (10th) day of each month for the immediately preceding calendar month, in the manner and form Tootl specifies. Each Gross Sales Report must set forth: (i) your Gross Sales generated during the previous calendar month; (ii) your calculation of the Royalty and Brand Fund Contribution; and (iii) any other information Tootl may require. Tootl may change the form, content, and/or interval of the Gross Sales Reports from time to time and/or require you to submit Gross Sales Reports upon notice to you.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW TOOTL BUSINESS

TYPE OF EXPENDITURE (NOTE 1)	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 2)	\$49,900	Lump Sum	Upon execution of the Franchise Agreement	Us
Travel Expenses to Initial Training (Note 3)	\$1,500	As Incurred	As Incurred	Airlines, Hotels, and Restaurants
Initial Marketing Requirement (Note 4)	\$7,500	As Agreed	Before Opening	Third party vendors
Computer Equipment and Software (Note 5)	\$1,000 - \$2,000	As Agreed	Before Opening	Third party vendors and Approved Suppliers
Licenses and Professional Services (Note 6)	\$1,000 - \$3,500	As Agreed	Before Opening	Governmental Authorities; Service Providers; Attorneys; Accountants
Prepaid Insurance Premium (Note 7)	\$1,000 - \$1,500	Lump Sum	Before Opening	Insurance Carrier or Agent
Office Furniture (Note 8)	\$1,500	As Agreed	Before Opening	Third party vendors
Additional Funds (3 Months) (Note 9)	\$15,000 - \$30,000			
TOTAL (Note 10)	\$78,400 - \$97,400			

Explanatory Notes

1. Generally. The Chart above assumes that you operate your Tootl Business from a home office, which is approximately 100 to 300 square feet. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Tootl Business. These estimates are based on our experience in offering and selling franchises, as well as the experience of our affiliates in operating Tootl Transport businesses and

estimates Tootl has received from third-party vendors. Tootl does not directly or indirectly offer financing for your initial investment.

2. Initial Franchise Fee. Upon execution of your Franchise Agreement, you must pay to us an Initial Franchise Fee of \$49,900 which you must pay in a lump sum. The Initial Franchise Fee is non-refundable and deemed fully earned upon execution of your Franchise Agreement.
3. Travel Expenses to Training. Tootl estimates that your training expenses will be up to \$1,500. While Tootl does not charge you, and up to two (2) additional persons to receive our Initial Training Program, you are required to pay for transportation to and from our Initial Training Program and pay all expenses associated with lodging, meals and other miscellaneous expenses during the time of training (including any employee wages). The range assumes that no additional people other than you and two (2) additional persons will attend our Initial Training Program. Please see Item 11 of this disclosure document for additional information.
4. Initial Marketing Requirement. In connection with the opening of the Tootl Business, you must spend a minimum of \$7,500 for Initial Marketing and promotion in the 30 to 60 days prior to opening the Tootl Business and the 30 days after opening the Tootl Business in accordance with a plan that you must submit to us. Tootl has the right to modify your Initial Marketing Requirement plan, in our sole discretion, and may require you to use a public relations or other advertising firm to assist with your Initial Marketing. No amount paid by you for your Initial Marketing Requirement will be credited toward your Local Advertising Requirement. You must provide us with supporting documentation evidencing these expenditures upon request. Although this amount is not currently paid to us, Tootl reserves the right to collect all or a portion of this fee. If you operate Tootl Businesses under a Multi-Unit Addendum, then you are required to expend this amount for each Tootl Business.
5. Computer Equipment and Software. You must purchase the computer hardware and software Tootl designates for use in connection with your Tootl Business prior to opening. Currently, you must purchase (i) a computer, laptop, and additional monitor, and (ii) the reservation and billing system. If you already have some of the items/components that meet our requirements, then you will not be required to purchase those items/components.
6. Licenses and Professional Services. You must acquire a general business license and any specialty licenses required by your state or federal agency. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Franchise Disclosure Document.
7. Prepaid Insurance Premium. Tootl estimates that your initial insurance deposit and initial premium will be approximately \$1,000 - \$1,500. You should check with your local agent for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Tootl Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry beyond what Tootl requires you to obtain.
8. Office Furniture. You will operate the Tootl Business from a home office. If you don't already have a desk, file cabinet and chair, you may be required to obtain these items. Tootl estimates that your office equipment, furniture and supplies will cost up to \$1,500, depending on what items you already have that are available for use.

9. **Additional Funds.** The estimate of additional funds between \$15,000 to \$30,000 is for a period of at least three (3) months, and is based on an owner-operated business and does not include any allowance for an owner’s draw or salary. Tootl estimates that, in general, you may expect to put additional cash into the business during the first three (3) months of operations, and sometimes longer. This estimate includes ongoing fees that you will be required to pay throughout your operation of the Tootl Business such as Royalty Fees, Local Advertising expenses, Brand Fund contribution, Technology Fees, etc. This estimate does not include any fees paid for debt services. These figures are estimates and Tootl cannot guarantee that you will not have additional expenses in starting the business. If you are converting your business to a Tootl Business, you may already have equipment, insurance and other items and this amount may be lower for

B. YOUR ESTIMATED INITIAL INVESTMENT FOR A MULTI-UNIT OFFERING

TYPE OF EXPENDITURE	OFFERING	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Multi-Unit Fee (Note 1)	2-Pack	\$89,800	Lump Sum	Upon execution of the Multi-Unit Addendum	Us
	3-Pack	\$129,700			
Initial Investment to Open Initial Tootl Business (Note 2)		\$28,500 - \$47,500	See Item 7, Chart A		
Total (Note 3)	2-Pack	\$118,300 - \$137,300	This is the total estimated initial investment to enter into a Multi-Unit Addendum for the right to develop each of the multi-unit offerings Tootl typically offers under a Multi-Unit Addendum, as well as the costs to open and commence operating your initial Tootl Business for the first three (3) months.		
	3-Pack	\$158,200 - \$177,200			

Explanatory Notes

Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Multi-Unit Addendum for the right to own and operate between two (2) and five (5) Tootl Businesses, as well as the initial investment to open your initial Tootl Business.

1. **Multi-Unit Fee.** You will be required to execute a Franchise Agreement for each of the Tootl Businesses you are granted as part of your Multi-Unit Offering, as well as our prescribed form of Multi-Unit Addendum, all at the same time. Upon the execution of these agreements, you will be required to pay us a Multi-Unit Fee amounting to \$89,800 for the right to operate two (2) Tootl Businesses, and \$129,700 for the right to operate three (3) Tootl Businesses.

2. Initial Investment to Open Initial Tootl Business. This figure represents the total estimated initial investment required to open the initial Tootl Business under the Multi-Unit Addendum. You will be required to enter into our current form of Franchise Agreement to govern each Tootl Business you are granted the right to operate at the same time you sign your Multi-Unit Addendum. The range includes all the items outlined in Chart 7(A) of this Item, except for the \$44,900 Initial Franchise Fee because, upon full payment of the Multi-Unit Fee, you will not be required to pay any Initial Franchise Fee in connection with your Tootl Businesses.
3. Total. Please note that this row does not include the initial investment you will need to undertake in connection with opening your second and any other additional Tootl Businesses you are granted the right to open under your Multi-Unit Addendum.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Tootl Business in conformance with our methods, standards, and specifications, which Tootl prescribes in the confidential and proprietary operations manual (the “Operations Manual”), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Tootl Business which are provided in the Operations Manual or other means. Tootl may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

Approved Products and Approved Services

All Approved Products, Approved Services, vehicles, independent contractors, subcontractors, advertising materials, computer hardware and software, and inventory used by you in connection with the Tootl Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements), which Tootl will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense. Tootl reserves the right to require you to purchase any of the items or services necessary to establish and operate your Tootl Business in accordance with our standards and specifications and/or from an Approved Supplier, from us, our affiliate(s), or our designated vendors and suppliers.

You must offer for sale all Approved Products and Approved Services which Tootl prescribes and only those products and services which Tootl prescribes. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of drivers/vehicles as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which Tootl may now or in the future designate for sale by System franchisees.

Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Convention or regional meetings.

Approved Suppliers

Presently, Tootl is not the Approved Supplier for any products or services that you purchase in the operation of the Tootl Business, however, Tootl reserves the right to be the Approved Supplier for products and services in the future. You must purchase the following from one of our Approved Suppliers or pursuant to the specifications that Tootl provides to you: Initial Marketing services, computer hardware, software, email

marketing, and public relations services. Currently, our affiliates are not Approved Suppliers, but Tootl reserves the right to require you to purchase additional items or services from our affiliates in the future.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that Tootl will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”). Tootl, our affiliate or a designated third party may be one of several, or the only, Approved Supplier of any item. Tootl reserves the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. Tootl and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Tootl, our affiliates or our Approved Suppliers supply and/or provide to you.

Tootl may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that Tootl has authorized and prescribed for sale by System Tootl Businesses. You recognize that such products and services are essential to the operation of your Tootl Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System Tootl Businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from approved suppliers solely in connection with the operation of your Tootl Business and not for any competitive business purpose.

Ownership Interest in a Supplier/ Revenue Derived from Regional Franchise Purchases and Leases

Our officers currently own an interest in us and Fishman PR, who is our approved supplier for your Initial Marketing Requirement and other marketing/public relations services.

Under some circumstances, Tootl may derive income in the form of rebates or marketing allowances paid to Tootl by Approved Suppliers that Tootl requires you to use. Tootl did not receive any rebates from our Approved Suppliers in the past fiscal year ending December 31, 2022. Tootl’s affiliate(s) did not derive any revenue from franchisees’ required purchases over the past fiscal year ending December 31, 2022.

Your obligations to purchase certain products or services from us or our Approved Suppliers, and to purchase goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases.” Tootl estimates that your Required Purchases will account for approximately 10% to 20% of your total costs incurred in establishing your Tootl Business, and approximately 10% to 20% of your ongoing costs to operate the Tootl Business after the initial start-up phase.

Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. Tootl is not required to approve any particular product or supplier. Tootl may base its approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly

to the uniformity, efficiency, and quality of operation Tootl considers necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information. Tootl has the right to receive payments from suppliers on account of their dealings with you and other Tootl Businesses and to use all amounts Tootl receives without restriction (unless instructed otherwise by the supplier) for any purposes Tootl deems appropriate. Tootl is not required to approve an unreasonable number of suppliers for a given item if Tootl believes that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers. You must reimburse Tootl for its costs to evaluate a supplier.

Tootl will use reasonable efforts to notify you in writing if your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If Tootl does not provide written approval within this time period, then your request will be deemed denied.

Tootl may, but is not required to, provide your proposed supplier or provider with its specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each supplier that Tootl approves of must comply with our requirements regarding insurance, indemnification and non-disclosure. If Tootl approves any supplier, you may enter into supply contracts with that third party, but under no circumstances will Tootl guarantee your performance of any supply contract.

Tootl may re-inspect and revoke its approval of particular products or suppliers if Tootl determines that such products or suppliers no longer meet our standards. Once you receive written notice from us that Tootl has revoked its approval, you must immediately cease purchasing products from that supplier.

Tootl does not provide any material benefit to you if you buy from sources Tootl approves, but Tootl may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with Tootl's standards and specifications.

Approved Location

Our standard offering assumes that you will operate the Tootl Business from a home office that is approximately 100 to 300 square feet. If you wish to operate the Tootl Business from an alternate location, you will need our prior written approval, which may be withheld for any reason.

Tootl must review and approve any proposed location, as well as any lease associated with the proposed location, prior to you entering into any lease for the proposed location. If you do not operate the Tootl Business at the home office, an Approved Location must be secured within ninety (90) days of executing the Franchise Agreement in the event that you have not already obtained our approval prior to executing the Franchise Agreement. Tootl may provide you with standards and specifications for the design and layout of the premises of the Approved Location.

Advertising and Promotional Materials

Tootl must approve all self-generated advertising materials prior to publication or use.

Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your Tootl Business as Tootl may require. You must purchase the required insurance at least 30 days before

opening your Tootl Business or upon signing a lease for the Approved Location. The limits described in the paragraph below are the minimum amounts that you are required to purchase. If you sign a lease or contract that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

Presently, our insurance requirements are as follows:

You must obtain the insurance coverage that Tootl requires from time to time as presently disclosed in the Manuals and as Tootl may modify it. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives and independent contractors as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to us at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our Initial Training Program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Article 9 of the Franchise Agreement). You must consult your carrier representative to determine the level of coverage necessary for the Tootl Business. Higher exposures may require higher limits:

Comprehensive general liability insurance, written on an occurrence basis, extended to include contractual liability, products and completed operations, and personal and advertising injury, with a combined bodily injury and property damage limit of at least \$1,000,000 per occurrence, \$2,000,000 in aggregate

Tootl must approve all insurance carriers in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. You must carry insurance required by the lease of your Approved Location or by any of your lenders or equipment lessors and such workers' compensation insurance as may be required by applicable law.

Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

Purchasing and Distribution Cooperatives; Rebate Programs

Tootl currently does not have any purchasing or distribution cooperatives, however Tootl reserves the right to establish these types of cooperatives in the future. Tootl may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for Tootl Businesses.

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Addendum	Item of Disclosure Document
a. Site selection and acquisition/lease	7.1	Not Applicable	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.3, 7.4, 7.8, and 7.11	4	Items 7 and 8
c. Site development and other pre-opening requirements	7.1 and 9	Not Applicable	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 and 8	6	Item 11
e. Opening	7.3	Not Applicable	Items 11
f. Fees	2.2.9, 3, 12.3, 14.3.2.7, 14.3.2.8, and 22.8	2, 3, 7, 8 and 9	Items 5, 6, 7, and 11
g. Compliance with standards and policies/ operations manual	6, 7.4 through 7.10, 7.14, 7.15 and 7.17	Not Applicable	Item 8 and 11
h. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Not Applicable	Items 13 and 14
i. Restrictions on products/ services offered	1.2 through 1.7, 7.4 and 7.5	Not Applicable	Item 8, 12 and 16
j. Warranty and customer service requirements	7.18	Not Applicable	Item 15
k. Territorial development and sales quotas	Not Applicable	Not Applicable	Items 12 and 17
l. Ongoing product/ service purchases	7.4 and 7.5	Not Applicable	Items 8 and 11
m. Maintenance, appearance and remodeling	7.1.2, 7.15, and 7.17	Not Applicable	Items 6, 8 11, 12

	requirements			
n.	Insurance	9	Not Applicable	Items 7 and 8
o.	Advertising	12	Not Applicable	Items 6 and 11
p.	Indemnification	13.2	Not Applicable	Item 6
q.	Owners' participation/ management/ staffing	7.6.3 through 7.6.5, and 7.10	5	Items 11 and 15
r.	Records and reports	10 and 11	Not Applicable	Item 6
s.	Inspections and audits	7.7 and 11	Not Applicable	Items 6 and 11
t.	Transfer	14	8	Item 17
u.	Renewal	2.2	9	Item 17
v.	Post term obligations	16.1 and 17.2	Not Applicable	Item 17
w.	Noncompetition covenants	17	Not Applicable	Item 17
x.	Dispute Resolution	18	Not Applicable	Item 17

ITEM 10 FINANCING

Tootl does not offer direct or indirect financing. Tootl will not guarantee your note, lease or other obligations.

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

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

A. Pre-Opening Obligations.

Before you open your Tootl Business, Tootl will provide you with the following assistance:

1. Define your Designated Territory. (Franchise Agreement, Section 1.2).
2. Tootl will provide Initial Training in the System and our policies and procedures to your required trainees. (Franchise Agreement, Section 8).
3. Tootl will provide you with either a written copy or electronic access to our Operations

Manual and other manuals, on loan as long as the Franchise Agreement or successor franchise agreement remains in effect. The table of contents for the Operations Manual is attached as Exhibit G to this Franchise Disclosure Document. (Franchise Agreement, Section 6.1).

4. Tootl will provide advice and guidance, as Tootl deems necessary in its sole discretion, in preparing to open your Tootl Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the Tootl Business during the start-up phase. (Franchise Agreement, Section 6).

5. Tootl will approve your Tootl Business opening, provided that you have met all of our requirements for opening, including completion of the Initial Training Program. Tootl estimates that the typical length of time between signing a Franchise Agreement and opening your Tootl Business is approximately 60 to 90 days. Factors affecting this length of time include, among others: hiring of the requisite personnel; successful completion of the Initial Training Program; meeting local ordinances or community requirements; issuance of all necessary licenses, permits and approvals; and procuring required insurance. (Franchise Agreement, Section 7.3).

B. Training.

Initial Training. You (or your operating principal if you are an entity) and your Designated Manager (the “Required Trainees”) must attend and satisfactorily complete our Initial Training Program before you open your Tootl Business. Initial Training currently consists of approximately 4-5 days of training to be held at our then-current headquarters, which is currently Northbrook, Illinois as well as within your Designated Territory. Tootl may provide on-site follow-up training, as Tootl, in its sole discretion, deem necessary, to be conducted four (4) to six (6) weeks after your Tootl Business opens for business. Tootl will conduct Initial Training at least four (4) times per year but may conduct training sessions more frequently in our discretion. Tootl reserves the right to modify the length, location, and timing of the Initial Training Program. Tootl may waive a portion of the Initial Training Program or alter the training schedule if Tootl determines that your trainees have sufficient prior experience or training. The Initial Training Program will be provided as soon as practicable after you sign your Franchise Agreement. (Franchise Agreement, Section 8).

Tootl will provide instructors, facilities, and materials for the Initial Training Program for up to three (3) of your representatives (including your Required Trainees), if all of your trainees are trained during the same training session. If space is available, you may bring more than three (3) representatives to Initial Training. Tootl reserves the right to charge a training fee of \$500, which Tootl may increase upon 60 days’ written notice to you, for (i) each person in excess of three (3) trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent operating principal, Designated Manager, or employee who attend the course. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during the Initial Training Program or any other training programs.

Our Initial Training Program currently consists of the following:

INITIAL TRAINING PROGRAM			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Introduction	1	As Needed	Northbrook, IL
Marketing	2	As Needed	Northbrook, IL
Software	8	As Needed	Northbrook, IL
Operations	6	As Needed	Northbrook, IL
Customer Base	1	As Needed	Northbrook, IL
Live Operations	6	As Needed	Northbrook, IL
Networking	2 (Outside Classroom)	As Needed	Northbrook, IL
Administrative	2	As Needed	Northbrook, IL
Reservation Procedures	2	As Needed	Northbrook, IL
Experience from Customer's Perspective	3	As Needed	Northbrook, IL
Drivers	2	As Needed	Northbrook, IL
PR & Marketing	2	As Needed	Northbrook, IL
Q&A	As Needed	As Needed	Northbrook, IL
TOTALS	37 Hours	As Needed	

Tootl uses manuals, Power Point presentations, online videos and tutorials, and other materials as instructional materials in its Initial Training Program and other training programs. Any instructor will have

a least six months of experience in the subject matter(s) that they teach. The instructors for our Initial Training Program and other training programs all have experience working with us or similar businesses. The following individuals will lead our training programs:

Trainer	Years of Experience with Franchisor	Years of Experience in Industry/Subject Matter(s) Taught
Michelle Dacy	Since Inception	19 Years
Tom Dacy	Since Inception	10 Years
Debra Vilchis	Since Inception	20 Years
Frank Adu (Driver)	Since Inception	20 Years
Mary Ann Dyrda (Admin)	Since Inception	5 Years

Tootl will determine, in its discretion, what constitutes successful completion of the program. If your Required Trainees are unable to successfully complete, in our sole discretion, the Initial Training Program for any reason, your Required Trainees must repeat the Initial Training Program, or you must send replacement Required Trainees to complete the Initial Training Program. If your Required Trainees have not, in our sole discretion, successfully completed the Initial Training Program before the opening of your Tootl Business, Tootl may terminate the Franchise Agreement, in which case Tootl will not refund any initial fees paid by you.

Additional Training

Tootl may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that Tootl designates. There will be no charge for training programs that Tootl requires you or your employees to attend, but Tootl may charge you a reasonable fee for optional training programs. Tootl may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as Tootl determines. Tootl may require your Required Trainees or employees to satisfactorily complete any additional training programs that Tootl specifies. Tootl may require your Required Trainees to participate in refresher or advanced training each year.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, Tootl may, in addition to all of our other rights and remedies, assign trainers to the Tootl Business to retrain Tootl Business employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that Tootl designates. Tootl may charge a reasonable fee for each trainer assigned to your Tootl Business and any remedial training.

If your Designated Manager ceases to be employed by you at the Tootl Business and you are unable to immediately appoint and train a new manager, Tootl may, in its sole discretion and for a reasonable fee, provide a Designated Manager to work at your Tootl Business temporarily until a new Designated Manager is appointed and trained.

Training by You

You and/or your Operating Principal and your Designated Manager(s) are responsible for training all of your other personnel (and subsequent Designated Managers) in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your personnel in accordance with our standards, Tootl may prohibit you from training additional personnel and either require them to attend

training at our headquarters or pay for our costs and expenses to send one of our representatives to train them at your Tootl Business.

Delegation

Tootl may delegate the performance of any or all of our obligations under the Franchise Agreement to an area representative, affiliate, agent, independent contractor, or other third party. If Tootl appoints an Area Representative in the area that includes your Tootl Business, the area representative will provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

C. Site Selection Assistance.

1. Tootl does not typically provide site selection assistance since our standard offering assumes that you will operate the Tootl Business from a home office. If you elect to operate the Tootl Business from a space that is not a home office, Tootl may provide site selection assistance in its discretion. You will need approximately 100 to 300 square feet, which includes office space and storage space for your office furniture. (Franchise Agreement, Section 1.3).

2. Tootl estimates that it will take between 60 - 90 days for you to commence operations of your Tootl Business and complete our Initial Training Program and otherwise comply with all of your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must successfully comply and complete all your pre-opening obligations and open your Tootl Business within 120 days of executing your Franchise Agreement or Tootl may terminate your Franchise Agreement upon notice to you. (Section 7.3 of the Franchise Agreement).

D. Post-Opening Obligations.

After you open your Tootl Business, Tootl will provide you with the following assistance:

1. **Review Advertising.** Tootl will review any advertising or promotional programs or materials that you develop. (Franchise Agreement, Section 12.1).

2. **Brand Fund Management.** Tootl will manage the Brand Fund as described below in this Item. Tootl will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 120 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement, Section 12.3).

3. **Requested Consulting Services.** Tootl will provide you additional consulting services with respect to the operation of the Tootl Business upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. Tootl will make available to you information about new developments, techniques, and improvements in the areas of advertising, management, and operations. Tootl may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. Tootl may charge a fee for such consulting services. (Franchise Agreement, Section 6.3).

4. **Additional Training.** Tootl may schedule, and require you, your Designated Manager (if applicable), and other employees/personnel, to attend additional or refresher training courses. Tootl may

charge you our then-current tuition fee for you and any other persons that attend such additional or refresher training, and you will be solely responsible for all expenses associated with such training (including travel, lodging, meals, and employee wages incurred). Tootl will provide this training to you and your employees at our corporate headquarters or other training facility Tootl designates. Tootl may also provide you with remedial training if Tootl determines, in its sole discretion after conducting an audit or inspection of your Tootl Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. (Franchise Agreement, Section 6.4).

5. **System Updates.** Tootl may, as Tootl deems necessary in its sole discretion, modify and update the System and Manuals, including any standards and specifications, and provide you with updated lists of: (i) Approved Products and Approved Services; (ii) Approved Suppliers; and (iii) items you must purchase in accordance with our System standards and specifications. (Franchise Agreement, Section 1.1).

6. **Evaluate Alternate Suppliers.** Tootl will review any alternate supplier or non-approved item you propose for use in connection with the Tootl Business, and subsequently approve or deny these proposals as disclosed more fully in Item 8 of this disclosure document. (Franchise Agreement, Section 7.4.3.1).

7. **Relocation Review.** Tootl will evaluate sites to which you propose to relocate your Tootl Business in accordance with our then-current System Standards for Approved Locations. (Franchise Agreement, Section 7.1.1).

8. **Ongoing Advice.** Tootl may provide periodic advice and guidance regarding the ongoing operation of your Tootl Business and/or the use of the Proprietary Marks and System in general, as Tootl deems necessary or advisable in our sole discretion. Our advice and assistance may be provided through meetings, printed materials and/or other media that Tootl may make available to you in the System from time to time, or otherwise by telephone, e-mail or other manner of communication. In certain circumstances, Tootl reserves the right to charge the then-current tuition fee in connection with providing such assistance and/or be reimbursed for our reasonable expenses in providing any on-site assistance. (Franchise Agreement, Section 6.3).

9. **Pricing.** If Tootl determines that it may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. Tootl currently requires you to charge rates equal to or in excess of a minimum pricing schedule, which Tootl will provide and may revise from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. Tootl has the right to negotiate arrangements with customers who have regional or nationwide facilities (“**National Accounts**”), including pricing, which will bind all Tootl Businesses providing services to such National Accounts. If you wish to perform services for a National Account, and Tootl permits you to do so, you may be required to honor pre-negotiated pricing and terms with these National Accounts. Tootl may offer preferred customer plans that offer customers discount prices under certain terms and conditions. You are not required to offer these plans to customers but, if you do elect to participate in its preferred customer plans, you must offer the discount prices set by the plans in accordance with the terms of the plan. (Franchise Agreement, Section 1.4).

E. Advertising and Marketing.

1. Brand Fund

Tootl has established a creative Brand Fund (the “Brand Fund”) for the common benefit of the System. You are currently required to participate in and contribute two percent (2%) of your Tootl Business’s Gross Sales, but Tootl reserves the right to increase the Brand Fund Contribution to three percent (3%) of your Gross Sales (the “Fund Contribution”). (Franchise Agreement, Section 12.3).

The Fund Contribution is presently payable on a monthly basis directly to the Brand Fund via EFT on a monthly basis on the 10th day of each month for the sales made during the immediately preceding month. Tootl has the right to use the Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. (Franchise Agreement, Section 12.3). Tootl may use the Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing Internet, television, radio, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Tootl internally administers or prepares; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. (Franchise Agreement, Section 12.3). While Tootl does not anticipate that any part of Fund Contributions will be used for advertising which is principally a solicitation for franchisees, Tootl reserves the right to use the Fund Contributions for public relations or recognition of our brand and for the creation and maintenance of a web site, and to include a notation in any advertisement indicating “Franchises Available.” (Franchise Agreement, Section 12.3).

If Tootl does not spend all Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Brand Fund regardless of amounts due from other System franchisees.

Tootl will prepare on an annual basis and will have available for you within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Fund. Upon your written request, Tootl will provide you with the statement. There is no requirement that the Brand Fund be audited. (Franchise Agreement, Section 12.3).

Tootl has the right to incorporate the Brand Fund as a separate business entity. The Brand Fund is not a trust or our asset and Tootl is not a fiduciary to you with respect to, or a trustee of, the Brand Fund or the monies therein, and Tootl assumes no obligation or liability to you with respect to the maintenance, direction or administration of the Brand Fund. (Franchise Agreement, Section 12.3).

Tootl may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys, which will be determined at the time Tootl conducts a Survey. (Franchise Agreement, Section 12.3).

Tootl has the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and

programs; provided, however, that Tootl will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. Tootl is not required, under the Franchise Agreement, to spend any amount on advertising in your Designated Territory. Not all System franchisees will benefit directly or on a pro rata basis from our expenditures. (Franchise Agreement, Section 12.3).

Tootl has the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as Tootl may incur in activities which are reasonably related to directing and implementing the Brand Fund. (Franchise Agreement, Section 12.3).

Company or affiliate owned Tootl Businesses may contribute to the Brand Fund, but they are not required to do so. (Franchise Agreement, Section 12.3).

Tootl reserves the right to suspend or terminate the Brand Fund at any time and any surplus funds may only be used for marketing and advertising purposes until fully expended. (Franchise Agreement, Section 12.3). Tootl did not collect or expend any Brand Fund contributions during the fiscal year ending December 31, 2022.

2. Advisory Council

Tootl currently does not have an advisory council but reserves the right to establish an advisory council for the purpose of exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts (an “Advisory Council”). In the event you are elected and accept, you must participate actively in the Advisory Council and participate in all Advisory Council meetings as Tootl requires. Tootl reserves the right to prepare and amend the governing documents for the Advisory Council from time to time as Tootl deems necessary, and Tootl will determine the topic areas to be considered by the Advisory Council. The Advisory Council shall act in an advisory capacity only, and Tootl shall have the right to form, change, or dissolve an Advisory Council at any time, as Tootl deems necessary in its sole discretion. (Franchise Agreement, Section 12.6).

3. Local Advertising Requirement

In addition to the Brand Fund Contribution, each month you are required to spend at least two percent (2%) of your Gross Sales within the Designated Territory in accordance with our standards and specifications (the “Local Advertising Requirement”). Tootl reserves the right to increase your Local Advertising Requirement to three percent (3%) of Gross Sales upon 90 days’ prior written notice. If you wish to use any advertising or promotional materials other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to Tootl for its prior written approval at least 30 days prior to your intended use or publication. Tootl will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date Tootl receives the proposed materials from you. If you do not receive our written approval during that time period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless Tootl withdraws or revoke our approval, which Tootl may do at any time with written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards Tootl established as specified in the Operations Manual or in any other writing. Tootl may require you to discontinue using any advertising or marketing material within a specified time frame, and at your own cost and expense. (Franchise Agreement, Sections 12.1 and 12.5).

4. Initial Marketing Requirement

In connection with the opening of the Tootl Business, you must spend a minimum of \$7,500 for Initial

Marketing in the 30 to 60 days prior to opening the Tootl Business and the 30 days after opening the Tootl Business in accordance with a plan that you must submit to us. Tootl has the right to modify your Initial Marketing plan, in our sole discretion, and may require you to use our Approved Supplier for public relations or other advertising firm to assist with your Initial Marketing. No amount paid by you for Initial Marketing will be credited toward your Local Advertising Requirement. You must provide us with supporting documentation evidencing these expenditures upon request. (Franchise Agreement, Section 12.5.1).

5. Advertising Cooperatives

Tootl currently does not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that Tootl establishes or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Tootl Businesses, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which Tootl has the right to mandate or approve if and when Tootl forms such cooperative. If Tootl forms an advertising cooperative, Tootl will have the right to determine how membership will be defined, whether company-owned or affiliate-owned Tootl Business will participate in the cooperative, and whether Tootl, an affiliate, a franchisee, or a third party will administer the cooperative. If you join an advertising cooperative, Tootl or the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Local Advertising Requirement. There is no cap on this potential spending obligation. If Tootl forms an advertising cooperative, Tootl will make any governing documents available to you for your review. (Franchise Agreement, Section 12.4).

6. Promotional Programs

You must participate in all Tootl Business promotional programs that Tootl offers to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as Tootl sets forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupon and similar discounts) unless approved or offered by us.

F. Website and Internet Presence.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed Tootl requires from time to time. Tootl has the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by Tootl Businesses. If Tootl exercises its right to create such a website, Tootl will have sole discretion and control over it. Tootl also has the right, but not the obligation, to create interior pages on our website(s) that contain information about your Tootl Business and other Tootl Transport locations. If Tootl does create such a page, Tootl may require you to prepare all or a portion of the page for the Tootl Business, at your sole expense, and may require you to use a template that Tootl provides. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain Tootl's prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Tootl Business, including without limitation, Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and

obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as Tootl describes in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Tootl provides to you to create and/or modify your site(s). Tootl may require you to update the content of any social media and/or networking site at the times and in the manner Tootl decides. (Franchise Agreement, Section 12.2.3).

Tootl has the right to modify our policies regarding both our and your use of Internet websites as Tootl deems necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2). Tootl is currently the sole registrant of the domain name www.RideTootl.com and Tootl will be the sole registrant of any other domain names Tootl decides to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2.5).

G. Computer Hardware and Software.

You must obtain a computer/laptop and wide (double) monitor for use in connection with the Tootl Business. You must also obtain software from our Approved Supplier for (i) the reservation and billing system, (ii) driving assignment, (iii) payroll, (iv) billing, and (v) reporting.

Specifications for the brand, operating capabilities, and functionality of these hardware and software components will be set forth in the Manuals and is subject to change. At a minimum, the components of the hardware and software must be connected to the Internet via a high-speed Internet connection, and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

Tootl estimates that the Business Management and Technology System will cost approximately \$1,000 - \$2,000, which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs. Tootl, or our Approved Suppliers, will act as vendors or suppliers of some or all of the components of the computer hardware and software.

You must maintain the computer hardware and software at your expense and must purchase any hardware or software maintenance or technical support programs that Tootl requires. You must replace, upgrade, or update the computer hardware and software as Tootl may require from time to time. Tootl will establish reasonable deadlines for implementation of any changes to its hardware and software requirements, but there are no contractual limitations on Tootl's right to require changes to the computer hardware and software.

Tootl currently does not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the computer hardware and software. Tootl, its affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which Tootl estimates may cost between \$200 and \$400 per year.

You must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the computer software for the purposes of obtaining the information relating to the Tootl Business. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that Tootl specifies on a real-time basis. There are no contractual limitations on our right to access data stored in the hardware and/or software, and Tootl may program the hardware/software to automatically transmit data and reports about the operation of your Tootl Business to us. Tootl is the sole

owner of all databases, lists, templates, programs and any other software components that have been created and/or customized by or for Tootl using the computer hardware and software, or otherwise generated through your Tootl Business.

You must dedicate your computer system for use in connection with the Tootl Business in accordance with our policies and operational procedures. Your employees/personnel must complete any and all training programs Tootl reasonably require for the proper operation and use of the computer hardware and software.

You are required to participate in any System-wide computer network, intranet system, extranet system or community portal that Tootl implements and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as Tootl designates. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above.

H. Additional Investment

Tootl has the right to require you to remodel, reequip, and otherwise refurbish any aspect of your Tootl Business to bring it into conformity with our then-current brand image. (Franchise Agreement, Section 7.17).

I. Call Center

We do not currently have a call center; however, we reserve the right to establish and maintain a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee as set forth in Item 12 of this Disclosure Document (“Call Center”). You must comply with our procedures for using the Call Center as we specify in the Operations Manual or otherwise in writing, including any fees due in connection with the Call Center. We will have the absolute right to receive all customer calls and subsequently service, route and/or assign work orders or inquiries resulting from such calls as we deem appropriate in our sole discretion. All Tootl Business-related phone numbers and internet lead sources are required to be posted to or directed to the Call Center.

We may operate the Call Center, or we may delegate operation of the Call Center to our affiliate or other third-party. Your participation in the Call Center is mandatory and all Call Center services are provided “as-is” and we do not guaranty any certain number of jobs or leads from the Call Center.

ITEM 12 TERRITORY

Approved Location

You may operate the Tootl Business from a home or commercial office, which Tootl expects to be between 100 to 300 square feet (the “Approved Location”). Your Approved Location must be within the Designated Territory granted to you under the Franchise Agreement. You may not relocate your Tootl Business without our written consent, which Tootl will not unreasonably withhold provided that the new location meets Tootl’s then-current criteria for an Approved Location. The Approved Location will be added to the Franchise Agreement once it is approved by us.

Relocation of the Tootl Business

If you would like to relocate the Approved Location, you must receive our written consent and our approval, which will not be unreasonably withheld, provided (i) the new Approved Location is satisfactory to us and within your Designated Territory, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing, outfitting, and furnishing the new Approved Location, (iv) the new Approved Location will not, as determined in our sole discretion, materially and adversely affect the Gross Sales of any other Tootl Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three (3) years prior to, and as of, the date Tootl consents to such relocation (the “Relocation Request Date”), (vi) you are not in default, and no event exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease.

Designated Territory

Upon signing the Franchise Agreement, Tootl will provide you an area in which you will have protected rights (the “Designated Territory”). The size of your Designated Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. Typically, a Designated Territory will consist of a population of approximately 250,000 – 300,000 people, depending upon geography, demographics, and other factors including the number of seniors, disabled persons, residential facilities, dialysis centers, home health agencies, hospitals, and K-12 schools, among other factors. The factors Tootl uses in defining your Designated Territory are based upon information provided to Tootl by third-party sources that Tootl selects at its sole discretion.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources Tootl uses to determine the population within your Designated Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Because Tootl retains certain “reserved rights” within your Designated Territory, the Designated Territory is not an exclusive territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that Tootl owns, or from other channels of distribution or competitive brands that Tootl controls. “Designated Territory” means that Tootl will neither operate, nor award to another person a franchise to operate, another Tootl Business in your Designated Territory, nor will Tootl service, or authorize others to service, customers in your Designated Territory, except in limited circumstances described below in this Item 12, and provided you are not in default under the Franchise Agreement.

You may not market, solicit, attempt to service or service any customers outside of your Designated Territory without our prior written consent (which may be withheld for any reason). If you solicit or sell products or services outside of the Designated Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of the Franchise Agreement, Tootl will have the right to terminate the Franchise Agreement.

The size of your Designated Territory and/or continuation of your Franchise Agreement is not dependent upon your achieving any sales quotas, market penetrations or other contingencies.

Call Center and Servicing Customers Within in Your Designated Territory

Under the Franchise Agreement, if we establish a Call Center, you must ensure that all initial calls made to your Franchised Business are forwarded to our System-wide Call Center. We reserve the right to outsource our Call Center services. Once a customer's call is routed to our Call Center and we have set up an assignment, we will route that customer's work to you if the customer's location (where the work will be performed) is within your Designated Territory, unless: (i) we determine that the work is in the nature of an emergency and (a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large scope and/or commercial nature that we determine, in our sole discretion, that your Tootl Business is not capable of performing the work requested in accordance with our System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the Tootl Business in compliance with the Franchise Agreement; or (v) an area that includes your Designated Territory has been subjected to a disaster or catastrophe as determined solely by us.

If established, it is important for us to have the right to route customers from our Call Center as described in this Item so that we can protect the integrity and goodwill of our System, and also account for inadvertent mistakes by our customers and our Call Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within your Designated Territory unless your Tootl Business is assigned and subsequently services that customer.

National Accounts

Tootl has the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a building or common services in more than one location whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). Tootl or any party Tootl may designate shall have the right to perform the services for the National Account within your Designated Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by Tootl, and Tootl's determination will be final and binding. You are not entitled to any right to compensation or consideration or work performed by others in your Designated Territory for National Accounts.

Rights Reserved By Us

Among other things, Tootl and its affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Tootl Businesses using the Proprietary Marks and System at any location outside of the Designated Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Tootl Business, within or outside your Designated Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Tootl Business under marks other than the Proprietary Marks at any location; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement; (v) designate and service National Accounts; (vi) service, route, and/or assign any and all customer work orders and inquiries received through online booking system; and (vii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited under your Franchise Agreement.

Alternate Channels of Distribution

Tootl, our affiliates, or third parties may distribute our and our affiliates' products and services in your Designated Territory, including those already developed and those yet to be developed, through alternate channels of distribution that Tootl may choose. These alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Tootl deems appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received through these alternate channels.

Restriction on Rights

You do not have the right to open additional Tootl Businesses, nor do you have any right of first refusal on any other location. You do not have the right to use the Proprietary Marks or the System at any location outside of the Designated Territory. You may not offer any Approved Products or Approved Services in wholesale, e-commerce, or other channel of distribution besides the retail operation of the Tootl Business within the Designated Territory without our prior written consent. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Designated Territory, unless Tootl agrees otherwise.

Tootl reserves the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as Tootl sets forth from time to time in the Operations Manual or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Tootl Business and redeemed at another Tootl Business. Tootl does not have these policies or procedures in place, however, as of the Issuance Date of this Franchise Disclosure Document.

You may service customers outside of your Designated Territory, with Tootl's prior written approval, if customers are located in areas geographically contiguous to your Designated Territory, and no other franchisee of Tootl has been awarded that territory, nor is the territory protected as an affiliate-owned business (an "Open Territory").

You may only operate your Tootl Business and service customers within your Designated Territory, unless

Tootl has approved you to service customers in Open Territories. As long as you are in compliance with the Franchise Agreement, Tootl will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Tootl Business within the Designated Territory.

If Tootl grants you permission to operate in an Open Territory, Tootl has the right to sell or assign it or any part of it at any time, without notice to you. Tootl may revoke your rights to operate in any Open Territory at any time, even if Tootl permitted you to service customers in that Open Territory in the past. You will not have a right of first refusal or option to buy a territory that was formerly designated as an Open Territory. Once an Open Territory is assigned to another System franchisee or affiliate-owned business, you will have no further rights to service customers in that Open Territory.

Multi-Unit Addendum

If you enter into a Multi-Unit Addendum, you will have the right to either (a) simultaneously open and operate a mutually agreed upon number of Tootl Businesses if the Tootl Businesses are in contiguous Territories, or (b) open and operate a mutually agreed upon number of Tootl Businesses in accordance with a development schedule if the Tootl Businesses are not in contiguous Territories. The total number of Tootl Businesses to be opened under your Multi-Unit Addendum and the Designated Territory for each Tootl Business will be dependent upon a number of factors such as: (i) your financial and operational abilities to operate multiple Tootl Businesses simultaneously, (ii) the location and demographics of the general area where Tootl mutually agrees you will be opening these locations; and (iii) other factors that Tootl deems relevant in our sole discretion.

You must simultaneously execute our current Franchise Agreement for each Tootl Business that Tootl grants you the right to open under your Multi-Unit Addendum. Your Designated Territory for each Tootl Business under your Multi-Unit Addendum will typically be contiguous geographic areas and you may operate all the Tootl Businesses under your Multi-Unit Addendum from one Approved Location located within one of your Protected Territories. Tootl will use our then-current standards for accepting the Approved Location and designating Protected Territories.


You must continuously operate each Tootl Business under your Multi-Unit Addendum. If you fail to continuously operate a Tootl Business, Tootl may terminate the Franchise Agreement for that particular Tootl Business and offer the Designated Territory to another System franchisee. Tootl will not terminate any other Franchise Agreement under your Multi-Unit Addendum solely based upon your failure to operate a Tootl Business in a separate Designated Territory under your Multi-Unit Addendum. Other events of default which permit us to terminate the Franchise Agreement for one Tootl Business may permit us to terminate any other Franchise Agreement or other agreement between you and us.

Minimum Performance Requirements

You must generate \$25,000 in Gross Sales per Designated Territory per month to meet your minimum performance requirement (the “Minimum Performance Requirement”). The Minimum Performance Requirement begins in the seventh (7th) full month after opening the Tootl Business. If you fail to meet your Minimum Performance Requirement for three (3) consecutive months, then we may require you to attend, at your own cost, additional training. If you fail to generate the Minimum Performance Requirement again for three (3) consecutive months, then such failure shall be deemed a non-curable default of your Franchise Agreement and you will be given the opportunity to transfer your Territory.

**ITEM 13
TRADEMARKS**

You will have the limited right to use the following Proprietary Mark that is registered with the United States Patent and Trademark Office (“USPTO”), as well as any other Proprietary Mark Tootl may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications:

MARK	REGISTRATION NO.	REGISTRATION DATE	REGISTER
	6,524,192	October 19, 2021	Principal

All required affidavits relating to the Proprietary Marks have been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving any the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this disclosure document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and Tootl retains the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem or logo other than the Proprietary Marks, as Tootl may designate. You must prominently display the Proprietary Marks on the items Tootl designates, including signs and packaging materials. You must obtain fictitious or assumed name registrations Tootl requires or under applicable law. You must identify yourself as the owner of the Tootl Business by placing your name on the Tootl Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “a Tootl Transport franchisee” or any other phrase as Tootl directs. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your Tootl Business, removing all of our trademarks, logos or other proprietary items that Tootl specifies.

You must immediately notify Tootl of any information that you acquire concerning any use by others of

names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and Tootl will pay or reimburse your reasonable costs incurred in rendering such assistance, unless Tootl is required to take action to protect its interests because of your wrongful acts or those of any person under your control.

Tootl is not obligated to protect you from the right to continued use of the Proprietary Marks. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, Tootl may elect to aggressively protect our rights under the Proprietary Marks. If at any time Tootl considers it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. Tootl is not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. Tootl is not required to protect you against third party claims of trademark infringement or unfair competition, however Tootl reserves the right to assist in the defense of such matters.

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If Tootl chooses to take over or control the defense of any claim or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, Tootl may request that you indemnify us for any claims or damages Tootl incurs. This includes paying all of our attorneys, experts or other professional fees Tootl may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if Tootl takes over any claim or challenge, Tootl may reimburse you for the reasonable expenses you incur in connection with cooperating with Tootl, as Tootl deems necessary in its sole discretion.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Tootl does not own any registered patents or copyrights that are material to the franchise, however, Tootl claims common law copyright and trade secret protection for several aspects of the System including our Operations Manual, advertising, and business materials. Additionally, Tootl does not have any patent applications that are pending and/or material to this offering.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, Tootl requests that you notify us of this unauthorized use. Tootl may revise any of its copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information which Tootl considers to be our trade secrets and confidential information, including but not limited to information regarding the setup of a Tootl Business; information about proprietary products and methods; any proprietary software Tootl may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, design, and equipment layout; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Tootl Business which may be communicated

to you or of which you may be apprised by virtue of your operation of a Tootl Business (collectively, the “Confidential Information”).

You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it in order to operate the Tootl Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. Any and all information, knowledge, know-how, techniques, and other data, which Tootl designates as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. Tootl has expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and Tootl is implementing this non-disclosure policy in an effort to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Tootl Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and Tootl will be the sole owner of all patents, patent applications, trademarks, copyrights and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

You (or your principals) must devote their personal full-time attention, skill and best efforts to the management and operation of the Tootl Business and to promote and increase the demand for our products and services within the Designated Territory. After the first six months of operation and upon your written request, Tootl may permit you to employ a manager to manage the day-to-day operations of the Tootl Business (the “Designated Manager”), provided the Designated Manager: (i) is approved by us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The Tootl Business must, at all times, be staffed with at least one individual who has successfully completed the Initial Training Program. In the event that a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

Each of your principal owners and their spouse must sign the Franchise Agreement as either the franchisee or the guarantor (a copy of the Personal Guaranty is attached to the franchise agreement as Exhibit A). In either event, by signing the franchise agreement, each principal and their spouse agrees to perform, and guarantees, all of the franchisee’s obligations to us and our affiliates and agrees to be bound by the restrictive covenants, the confidentiality provisions, and certain other provisions contained in the franchise agreement. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality and restrictive covenant agreement, the current form of which is attached to the Franchise Agreement as Exhibit C.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale all products and services which Tootl prescribes and only those products and services which Tootl prescribes. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which Tootl may now or in the future designate for sale by System franchisees.

All products and services you use or offer for sale from your Tootl Business must comply with our standards and specifications. Our standards and specifications are set forth in the Operations Manual, which is revised from time to time. You are responsible for ensuring that your Tootl Business meets these standards at all times. Tootl has the right to inspect your Tootl Business or attend a project site for quality control purposes. Tootl has the right to change our System from time to time.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

A. FRANCHISE AGREEMENT

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.1	Ten (10) years, which will commence on the date Tootl executes the Franchise Agreement.
b. Renewal or extension of term	2.2	One (1) successive ten (10) year term.
c. Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	You must: (i) provide notice of your renewal no fewer than 12 months and no greater than 18 months prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Tootl Business at the Approved Location for the duration of the renewal term or, if you are unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later 90 days prior to expiration of your then-current term, all maintenance, refurbishing,

		renovating, updating and remodeling of the Tootl Business premises, as well as any updated to require hardware and software, as necessary to bring the Tootl Business and all equipment into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements; (viii) execute a general release in favor of us and our affiliates in the form Tootl prescribes; and (ix) pay a renewal fee equal to \$15,000.
d. Termination by franchisee	Not Applicable.	Not Applicable.
e. Termination by franchisor without cause	Not Applicable.	Not Applicable.
f. Termination by franchisor with cause	15.1 through 15.4	Tootl may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g. "Cause" defined – curable defaults	15.3	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) your failure to pay any sums due us, our affiliates or any of our System suppliers/vendors; (ii) your failure to immediately endorse and deliver to us any payments due us from any third party that are erroneously made to you; (iii) your failure to maintain sufficient levels of materials and other supplies; (iv) your failure to maintain the prescribed months, days or hours of operations at the Tootl Business; (v) your failure to personally supervise day-to-day operations or fail to employ a sufficient number of qualified, competent personnel as Tootl prescribes; (vi) your failure to maintain the strict quality controls reasonably required by the Franchise Agreement and/or the Manuals; and (vii) your failure to procure or maintain any licenses, certifications or permits necessary for the operation of the Tootl Business.
	15.4	Notwithstanding Sections 15.1, 15.2 and 15.3 of the Franchise Agreement, you will have 30 days to cure any other default under the Franchise Agreement, or any other agreement between us and our affiliates, from the date of our notice.
h. "Cause" defined – non-curable defaults	15.1	The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Tootl Business; (ii) if proceeding are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceeding are not dismissed within 60 days, or a trustee is appointed for you or the Tootl Business without your consent and the appointment is not vacated within 60

	<p>15.2</p>	<p>days; or (iii) you lose the right to occupy the premises or operate the Tootl Business from the Approved Location.</p> <p>Tootl has the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal(s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Tootl Business or which Tootl believes, in its sole discretion, is likely to have an adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Tootl Business, including a misrepresentation (financial or otherwise) made in completing your franchise application; (iii) if you or any of your principals, guarantors or agents engage in any activity or conduct that materially impairs the goodwill associated with the System or Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of being notified of this breach; (iv) if you or your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation; (v) if you fail to complete the Initial Training Program in the required time period; (vi) if Tootl sends you two or more written notices to cure any of the defaults set forth in Sections 15.3 and 15.4 of the Franchise Agreement in any twelve (12) month period, regardless of whether or not you subsequently cure these defaults; (vii) your material breach under any other agreement with us or our affiliates, or threaten any material breach of these agreements, or any lease for the Approved Location, and fail to cure such breach within the prescribed time period set forth in that agreement; (viii) your or your principals' misuse of our Proprietary Marks or Confidential Information in any manner; (ix) your or your principals disclose any contents of the Operations Manual, Confidential Information, and/or Trade Secretes; (x) your violation of any law, ordinance or regulation, as well as your operation of the Tootl Business in a manner that presents a health or safety hazard to customers or the general public; (xi) your violation of any of the restrictive covenants set forth in the Franchise Agreement; (xii) if a levy or writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which are not released or bonded against within 30 days; (xiii) insolvency of you or your principals; (xiv) if you voluntarily or otherwise abandon the Tootl Business; (xv) if you make any unauthorized transfers of the Tootl Business; (xvi) if you offer any unauthorized or unapproved products or services at or from the Tootl Business; (xvii) if you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xviii) you misuse, or make unauthorized use of, any Proprietary Software that Tootl may develop; (xix) your failure to maintain the required insurance or repay us for insurance Tootl paid for you; (xx) if you fail, within 15 calendar days after notification of non-compliance by federal/state/local government authorities, to comply with any law or regulation applicable to the Tootl Business; (xxi) if the government takes any action against you that results in an obligation upon us that Tootl believes is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xxii) if you fail to comply with any anti-terrorism law or provisions; (xxiii) if you take any assets</p>
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		or property of the Tootl Business for personal use; (xxiv) if there are insufficient funds in your EFT bank account to cover any payment to Franchisor two (2) or more times in any twelve (12) month period; (xxv) if you fail to commence operations within the required time period; (xxvi) if you operate or conduct business outside of the Designated Territory without our consent; and (xxvii) if you or your principals do not provide your best efforts as described in Section 7.10 of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	16.1	Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Tootl Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii) immediately discontinue using the Proprietary Marks; (iv) immediately cease using the any System and Operations Manual, and within ten (10) days return all proprietary and confidential materials; (v) immediately cease use of all telephone and facsimile numbers, and related listings, as well as any permitted domain names and/or Social Media Pages, that were used in connection with the Tootl Business (collectively, the “Assigned Property”) and take all necessary steps to assign the Assigned Property to us or our designee; (vi) immediately vacate the premises of the Tootl Business; (vii) within ten (10) days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (viii) cease holding yourself or the Tootl Business out as part of our System; (ix) cease all contact with Tootl Transport customers; (x) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within fifteen (15) days; (xi) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xii) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xiii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; (xiv) de-identify all vehicles used in connection with the Tootl Business; and (xv) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
j. Franchisor’s right to transfer	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
k. “Transfer” by franchisee - defined	14.1 and 14.4	You, or any of your principals’, assignment, sale, gift, pledge or other disposition of any interest in the Franchise Agreement or the Tootl Business (whether voluntary or involuntary, direct or indirect).
l. Franchisor approval of transfer by franchisee	14.1 and 14.4	Any transfer requires our prior written consent.
m. Conditions for franchisor approval of transfer	14.3.2	Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers, within the time period permitted for cure and have substantially complied with these

	14.4	<p>agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form Tootl prescribes; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Tootl Business, as well as all other documents relevant to the transaction, and Tootl agrees to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Tootl Business; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; or, at our option, entering into an assignment and assumption of the Tootl Business and all rights and obligations thereunder; (vii) you and transferee must pay us our transfer fee (\$15,000) and then-current training fees; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame Tootl designates; (ix) you, your principals and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Tootl Business within the time limits Tootl set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) the purchase price and its terms are not overly burdensome; (xv) you must request that Tootl provides the transferee with our current form of disclosure document; (xvi) our approval of your transfer does not constitute a waiver of any claims Tootl might have against you; (xvii) Tootl may disclose to any prospective transferee financial information concerning you and your Tootl Business which you have supplied to us under the Franchise Agreement; and (xviii) Tootl may withhold or condition our consent to any transfer as Tootl deems appropriate based on the circumstances of the transfer or otherwise.</p> <p>You do not need to pay a transfer fee if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized and its activities are confined to operating the Tootl Business; (ii) you remain, at all times, the owner of at least 51% of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise Agreement; (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed; and (v) at our request, you provide all true and correct copies of any documents and contracts governing the rights, obligations, and powers of the owners.</p>
n. Franchisor's right of first	14.3.1	Tootl has the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed

refusal to acquire franchisee's business		transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4 of the Franchise Agreement). Tootl may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that Tootl requests. If Tootl does not exercise this option, you must complete the transfer to the third-party within 60 days, subject to the conditions set forth in Section 14.3.2. Otherwise, Tootl will once again have our right of first refusal.
o. Franchisor's option to purchase franchisee's business	16.2	Upon your termination, Tootl may purchase personal property used in connection with the operation of the Tootl Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
p. Death or disability of franchisee	14.2.1	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Tootl Business, the personal representative of such person shall have the right to continue operation of the Tootl Business if: (i) within 180 days from the death/disability/incapacity, the representative meets our then-current standards to own a Tootl Business, and has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise, or has otherwise furnished a personal guaranty of any business entity franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-current Initial Training Program, which will be provided at our then-current training tuition rate. In the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the aforementioned conditions, the personal representative of the deceased franchisee will have a reasonable time, in our sole discretion and not to exceed 180 days from the date of transfer by demise or inheritance, to dispose of the deceased's interest in the Tootl Business subject to all the terms of the Franchise Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then Tootl may terminate the Franchise Agreement.
	14.2.2	We may, but are not obligated to, operate the Tootl Business during the 180-day period following the death/incapacity/disability, and Tootl may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs.
q. Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers, nor any member of the their immediate families may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers any products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Designated Territory or the Designated Territory of any other System franchisee, provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a Tootl Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent

		(5%) legal or beneficial interest in any publicly traded company providing such services; (b) employ or seek to employ any person who is at that time employed by us or our affiliates or any other System franchisee, or otherwise directly or indirectly induce or try to induce an employee to leave his or her employment with us our affiliates or other System franchisees; (c) Solicit any current, former, or prospective customer solicited by your Tootl Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose.
r. Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Designated Territory, (b) within a 25-mile radius of the Designated Territory, or (c) within a 25-mile radius of any other Designated Territory franchised or licensed by us to a Tootl Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a Tootl Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; (2) Employ or seek to employ any person who is at that time employed by us or our affiliates or any other System franchisee, or otherwise directly or indirectly induce or try to induce an employee to leave his or her employment with us our affiliates or other System franchisees; and (3) solicit any current, former, or prospective customer solicited by your Tootl Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose.
s. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
t. Integration/merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations Tootl made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	18.2	You must first bring any claim that is between us to the attention of our management. You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party. The requirement that you must first attempt to resolve disputes internally will survive the termination or expiration of your term.
	18.3	At our option, any disputes and claims that are not resolved by Internal Dispute Resolution must, at our option, be submitted to mediation. The mediation will take place in Cook County, Illinois, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against us

		<p>or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Once Tootl receives your notice, Tootl will have thirty (30) days to notify you as to whether Tootl or its affiliates elect to exercise the option to submit such claim or dispute to mediation.</p> <p>You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless Tootl fails to exercise our option to submit the claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation, except that Tootl will share the mediator's fees with you equally. This agreement to mediate will survive any termination or expiration of the Franchise Agreement.</p>
	18.3.1	<p>The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any claims pertaining to or arising out of any warranty issue; or (iii) any of the restrictive covenants contained in the Franchise Agreement.</p>
v. Choice of forum	18.4	<p>All claims not subject to mediation must only be brought in a competent court of general jurisdiction located in Cook County, Illinois or, if appropriate, the United States District Court for the Northern District of Illinois (subject to state law).</p>
w. Choice of law	18.1	<p>Illinois law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provision (subject to state law).</p>

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B. MULTI-UNIT ADDENDUM

PROVISION	SECTION IN MULTI-UNIT ADDENDUM	SUMMARY
a. Length of the franchise term	Not Applicable	Consistent with the term of the Franchise Agreement.
b. Renewal or extension of term	Not Applicable	Consistent with the term of the Franchise Agreement.
c. Requirements for franchisee to renew or extend	Not Applicable	Same requirements as set forth in the Franchise Agreement, as well as payment of the appropriate Renewal Fee for the number of Protected Territories awarded under the Multi-Unit Addendum.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with cause	9	Default under terms of Addendum constitutes default under Franchise Agreement.
g. "Cause" defined – curable defaults	9	Failure to comply with any additional term set forth in the Addendum.
h. "Cause" defined – non-curable defaults	Not Applicable	Same as Franchise Agreement.
i. Franchisee's obligations on termination/non-renewal	Not Applicable	Same as Franchise Agreement.
j. Franchisor's right to transfer	8	Tootl has the right to sell, transfer, assign and/or encumber all or any part of our assets and our interest in, and rights and obligations under, the Addendum in our sole discretion. You may not transfer your rights under the Addendum without our prior written consent.
k. "Transfer" by franchisee – defined	Not Applicable	Same as Franchise Agreement.
l. Franchisor approval of transfer by franchisee	8	You may not transfer your rights under the Addendum without our prior written consent.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable.
n. Franchisor's right of first	Not Applicable	Not Applicable.

refusal to acquire franchisee's business		
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable.
p. Death or disability of franchisee	Not Applicable	Not Applicable.
q. Non-competition covenants during the term of the franchise	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Nothing additional. Please see non-competition covenants set forth in your Franchise Agreement.
s. Modification of the agreement	Not Applicable.	Same terms as Franchise Agreement.
t. Integration/merger clause	13	Only the terms of the Multi-Unit Addendum and the Franchise Agreement governing the Tootl Business are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Addendum may not be enforceable. Nothing in the Multi-Unit Addendum or any related agreement is intended to disclaim the representations Tootl made in the latest franchise disclosure document that Tootl furnished to you. (subject to state law)
u. Dispute resolution by arbitration or mediation	11	Same as Franchise Agreement. (subject to state law)
v. Choice of forum	11	All claims not subject to mediation must only be brought in a competent court of general jurisdiction located in Cook County, Illinois or, if appropriate, the United States District Court for the Northern District of Illinois (subject to state law).
w. Choice of law	10	Illinois law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provisions (subject to state law)

**ITEM 18
PUBLIC FIGURES**

Tootl does not currently use any public figure to promote our System.

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) 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, 2022, there was one (1) affiliate-owned location (the “Affiliate-Owned Location”) operating in two (2) Territories.

Part I of this Item sets forth certain historical monthly Number of Rides, Gross Sales, Gross Profit, Gross Profit Margin, and Estimated Royalty Fee, Brand Fund Contribution, Local Advertising Requirement, and Technology Fee by the Affiliate-Owned Location from March 1, 2021 – December 31, 2021, and January 1, 2022 – December 31, 2022. The Affiliate-Owned Location started operating in March 2021 and operates a substantially similar business to the franchise offered by this Disclosure Document.

Part II of this Item sets forth the Gross Sales, Gross Profit, and Gross Profit Less Total Fees generated by the Affiliate-Owned Location from March 1, 2021 – December 31, 2021, and January 1, 2022 – December 31, 2022.

The Affiliate-Owned Location operates in two Territories and reports its sales from those two Territories together. As set forth in Item 12, we allow to Affiliate-Owned Location to service customers outside of its two Territories with our prior written consent. Copies of the financial statements that form the bases for our financial performance representation are available to you upon reasonable request.

Only our Affiliate-Owned Location have sold this much. There is no assurance you will sell as much.

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PART I: MONTHLY GROSS SALES, NUMBER OF RIDES, GROSS PROFIT AND PROFIT MARGIN GENERATED BY THE AFFILIATE-OWNED LOCATION DURING THE MEASUREMENT PERIOD IN TWO TERRITORIES

<u>Affiliate-Owned Location</u>												
	Jan. 2021	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	June 2021	July 2021	Aug. 2021	Sept. 2021	Oct. 2021	Nov. 2021	Dec. 2021
Number of Rides¹	N/A	N/A	20	29	56	184	163	154	194	269	239	270
Gross Sales²	N/A	N/A	\$2,962	\$3,113	\$5,508	\$16,146	\$13,759	\$12,964	\$18,020	\$23,854	\$18,511	\$26,456
Gross Profit³	N/A	N/A	\$1,156	\$1,330	\$2,383	\$6,931	\$6,039	\$5,589	\$7,706	\$13,242	\$9,041	\$12,038
(Profit Margin)⁴			(39%)	(43%)	(43%)	(43%)	(44%)	(43%)	(43%)	(56%)	(49%)	(46%)

<u>Affiliate-Owned Location</u>												
	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022	May 2022	June 2022	July 2022	Aug. 2022	Sept. 2022	Oct. 2022	Nov. 2022	Dec. 2022
Number of Rides¹	278	353	339	414	316	260	250	309	354	311	323	424
Gross Sales²	\$30,047	\$32,306	\$32,078	\$40,570	\$30,669	\$26,556	\$22,559	\$37,983	\$36,908	\$33,447	\$39,245	\$47,643
Gross Profit³	\$14,174	\$15,160	\$14,707	\$18,935	\$15,081	\$12,016	\$10,046	\$16,681	\$16,847	\$15,067	\$17,188	\$20,228
(Profit Margin)⁴	(47%)	(47%)	(46%)	(47%)	(49%)	(45%)	(44%)	(44%)	(46%)	(45%)	(44%)	(42%)

Notes to Part I:

- Number of Rides.** The term “Number of Rides” means a completed trip from Point A to Point B, and it includes a no-show, which is billed generally as the equivalent of what a one-way fare would be.
- Gross Sales.** The term “Gross Sales” includes all income of any type or nature and from any source that are derived or received directly or indirectly from, through, by or on account of the operation of the Affiliate-Owned Location at any time and in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and transmitted to the appropriate taxing authorities.
- Gross Profit.** The term “Gross Profit” means Gross Sales minus costs of goods sold (the cost

of third-party labor to provide transportation services).

4. **Profit Margin.** The term “Profit Margin” is calculated by taking Gross Profit and dividing that amount by Gross Sales.

PART II: GROSS SALES, GROSS PROFIT, AND GROSS PROFIT LESS TOTAL FEES DURING MARCH 1, 2021 – DECEMBER 31, 2021, AND JANUARY 1, 2022 – DECEMBER 31, 2022, FOR THE AFFILIATE-OWNED LOCATION IN TWO TERRITORIES

AFFILIATE-OWNED LOCATION	
MARCH 1, 2021 – DECEMBER 31, 2021	
Gross Sales¹	\$141,571.00
Gross Profit²	\$65,541.00
Estimated Fees	
<i>Estimated Royalty Fee³</i>	(\$8,494.26)
<i>Estimated Brand Fund Contribution⁴</i>	(\$2,831.42)
<i>Estimated Local Advertising Requirement⁵</i>	(\$1,415.71)
<i>Technology Fee⁶</i>	(\$2,500.00)
Total Fees⁷	(\$15,241.39)
Gross Profit Less Total Fees⁸	\$50,229.61

AFFILIATE-OWNED LOCATION	
JANUARY 1, 2022 – DECEMBER 31, 2022	
Gross Sales¹	\$412,151.04
Gross Profit²	\$186,293.99
Estimated Fees	
<i>Estimated Royalty Fee³</i>	(\$24,729.06)
<i>Estimated Brand Fund Contribution⁴</i>	(\$8,243.02)
<i>Estimated Local Advertising Requirement⁵</i>	(\$4,121.51)
<i>Technology Fee⁶</i>	(\$3,000.00)
Total Fees⁷	(\$40,093.59)
Gross Profit Less Total Fees⁸	\$146,200.40

Notes to Part II:

1. **Gross Sales.** The term “Gross Sales” includes all income of any type or nature and from any source that are derived or received directly or indirectly from, through, by or on account of the operation of the Affiliate-Owned Location at any time and in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and transmitted to the appropriate

taxing authorities.

2. **Gross Profit.** The term “Gross Profit” means Gross Sales minus costs of goods sold (the cost of third-party labor to provide transportation services).
3. **Estimated Royalty Fee.** The term “Estimated Royalty Fee” means the Royalty Fee that the Affiliate-Owned Location would have had to pay us over the applicable measurement period if the Affiliate-Owned Location were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Royalty Fee by multiplying the Gross Sales generated by each Affiliate-Owned Location by .06 to account for the Royalty Fee of 6% set forth and required under our current form of Franchise Agreement.
4. **Estimated Brand Fund Contribution.** The term “Estimated Brand Fund Contribution” means the Brand Fund Contribution that the Affiliate-Owned Location would have had to pay us over the applicable measurement period if the Affiliate-Owned Location were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Royalty Fee by multiplying the Gross Sales generated by each Affiliate-Owned Location by .02 to account for the Brand Fund Contribution of 2% set forth and required under our current form of Franchise Agreement.
5. **Estimated Local Advertising Requirement.** “Estimated Local Advertising Requirement” means the Local Advertising Requirement that the Affiliate-Owned Location would have had to comply with over the applicable measurement period if the Affiliate-Owned Location were owned by a System franchisee and governed by our current form of Franchise Agreement. We calculated the Estimated Local Advertising Requirement by multiplying the Gross Sales generated by each Affiliate-Owned Location by .01 to account for the Local Advertising Requirement of 1% set forth and required under our current form of Franchise Agreement.
6. **Technology Fee.** “Technology Fee” means the Technology Fee that the Affiliate-Owned Location paid during the applicable measurement period. The Technology Fee is calculated by taking the current Technology Fee of \$250 per month and multiplying that amount by the number of months in the applicable measurement period.
7. **Total Fees.** “Total Fees” is calculated by adding the Estimated Royalty Fee, Estimated Brand Fund Contribution, Estimated Local Advertising Requirement, Technology Fee and Software Fee together.
8. **Gross Profit Less Total Fees.** “Gross Profit Less Total Fees” is calculated by taking the Gross Profit and subtracting the Total Fees.

Other than the financial performance representations contained in this Item, we do not make any financial performance representations. Tootl also does not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Tootl Business, however, Tootl may provide you with the actual records of that Tootl Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our President, Michelle Dacy at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062, (800) 608-1008, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1: System-wide Outlet Summary
For years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned and Affiliate-Owned	2020	0	0	0
	2021	0	2	+2
	2022	2	2	0
Total Outlets	2020	0	0	0
	2021	0	2	+2
	2022	2	2	0

Table No. 2: Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For years 2020 to 2022

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

Table No. 3: Status of Franchised Outlets
For years 2020 to 2022

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	OUTLETS AT END OF THE YEAR
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

**Table No. 4: Status of Company-Owned Outlets
For years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Wisconsin	2020	0	0	0	0	0	0
	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	0	0	0	0	0	0
	2021	0	2	0	0	0	2
	2022	2	0	0	0	0	2

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

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
Florida	0	1	0
Indiana	0	1	0
Michigan	0	1	0
Texas	0	1	0
Totals	0	5	0

During the last three fiscal years, Tootl has not had franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with our System. There are no trademark -specific organizations formed by our franchisees that are associated with our System. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

**ITEM 21
FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document is our audited financial statements as of December 31, 2022, and our compiled financial statements as of February 28, 2023. Because Tootl started selling franchises as of April 6, 2023, Tootl cannot independently provide all the financial statements required. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

- Exhibit B: Franchise Agreement and Schedules
- Exhibit C: Multi-Unit Addendum
- Exhibit D: State Specific Addenda
- Exhibit F: Sample Termination and Release Agreement
- Exhibit I: Franchisee Questionnaire

ITEM 23
RECEIPTS

Exhibit K of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Tootl Franchising, LLC, 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062.

Exhibit A
To
Tootl Franchising, LLC's
Franchise Disclosure Document

List of State Administrators and Agents for Service of Process

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. Tootl may not yet be registered to sell franchises in any or all of these states.

<p><u>CALIFORNIA</u></p> <p>(state administrators) Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7500 Toll Free (866) 275-2677</p> <p>2101 Arena Blvd. Sacramento, CA 95834 (866) 275-2677</p> <p>1350 Front Street San Diego, CA 92101 (619) 525-4233</p> <p>One Sansome St., #600 San Francisco, California 94104 (415) 972-8559</p> <p>(agents for service of process) California Commissioner of the Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344</p> <p>Commissioner of Department of Financial Protection and Innovation One Sansome Street #600 San Francisco, California 94104</p> <p>Commissioner of Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834</p>	<p><u>CONNECTICUT</u></p> <p>(state administrator) State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p> <p>(agent for service of process) Banking Commissioner</p>
<p><u>HAWAII</u></p> <p>(state administrator) Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722</p>	<p><u>ILLINOIS</u></p> <p>Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>

<p>(agent for service of process) Commissioner of Securities State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813 (808) 586-2722</p>	
<p><u>INDIANA</u></p> <p>(state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p> <p>(agent for service of process) Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u></p> <p>(state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p> <p>(agent for service of process) Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360</p>
<p><u>MICHIGAN</u></p> <p>(state administrator) Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117</p> <p>(agent for service of process) Corporations Division Bureau of Commercial Services Department of Labor and Economic Growth P.O. Box 30054 Lansing, Michigan 48909</p>	<p><u>MINNESOTA</u></p> <p>(state administrator) Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 296-6328</p> <p>(agent for service of process) Minnesota Commissioner of Commerce</p>
<p><u>NEW YORK</u></p> <p>(state administrator) Office of the New York State Attorney General Attention: Barbara Lasoff Investor Protection Bureau Franchise Section 120 Broadway, 23rd Floor New York, NY 10271-0332 (212) 416-8236</p>	<p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712</p>

<p>(agent for service of process) New York Department of State Attention: UCC One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231 (518) 473-2492</p>	
<p><u>OREGON</u></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u></p> <p>Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9582</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u></p> <p>(state administrator) State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733</p>
<p><u>WASHINGTON</u></p> <p>(state administrator) Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507-9033 (360) 902-8760</p> <p>(agent for service of process) Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501</p>	<p><u>WISCONSIN</u></p> <p>(state administrator) Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703 (608) 266-1064</p> <p>(agent for service of process) Administrator, Division of Securities Department of Financial Institutions 201 W Washington Avenue, 3rd Floor Madison, Wisconsin 53703</p>

Exhibit B
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Franchise Agreement

**TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT**

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EXHIBITS

Exhibit A – Personal Guaranty and Guaranty of Spouses

Exhibit B – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names

Exhibit C – Confidentiality and Restrictive Covenant Agreement for Employees

Exhibit D – Electronic Funds Withdrawal Authorization

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: _____

Approved Location: _____

Designated Territory: _____

(If identified on a chart and/or map, please attach chart and/or map and reference attachment above)

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: _____

Multi-Unit Addendum Yes No

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective on _____ (the “Effective Date”), by and between: (i) Tootl Franchising, LLC, an Illinois limited liability company with a business address at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062 (“Franchisor”); and (ii) _____, a _____ with its principal place of business at _____, which is identified more fully in the attached Data Sheet (“Franchisee”).

RECITALS

A. Through the expenditure of a considerable amount of time, effort, and money, Franchisor has developed a system for the operation of franchised businesses under our then-current proprietary mark(s) (each, a “Franchised Business”) that offer transportation services to seniors and other individuals with disabilities, mobility and cognitive challenges who may use a wheelchair, scooter or mobility device and other products and services (collectively, the “Approved Products and Services”).

B. Franchised Businesses are established and operated using Franchisor’s proprietary operating system, the distinguishing characteristics of which includes: (i) valuable know-how, information, trade secrets and methods, (ii) Franchisor’s proprietary standards and specifications for certain products and services used in connection with providing Franchisor’s Approved Products and Services to customers; (iii) certain proprietary products developed by Franchisor; (iv) Franchisor’s standards and specifications for sales techniques, marketing and advertising programs; (v) proprietary initial and ongoing training programs; and (vi) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and Franchisor’s proprietary and confidential operations manual (the “Operations Manual”) that franchisees have access to, which may be modified from time to time by Franchisor (collectively, the “System”).

C. The System is identified by Franchisor’s proprietary trademarks, service marks, trade dress, logos and other indicia of origin (collectively, the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

D. Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory (the “Designated Territory”).

E. Franchisee desires to establish and operate a Franchised Business within the Designated Territory hereinafter designated, to use in connection therewith, Franchisor's System and the Proprietary Marks and to derive the benefits of Franchisor’s information, experience, advice, guidance and customer goodwill.

F. Franchisor wishes to grant Franchisee the right to open and operate a Franchised Business based on Franchisee's representations to Franchisor, including those representations set forth in Franchisee's franchise application, in accordance with the terms and conditions set forth in this Agreement.

G. Franchisee recognizes the importance to Franchisor, to its other franchisees and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Marks and System, and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF FRANCHISE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one (1) Franchised Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisee may offer and sell Franchisor's Approved Products and Services within the Designated Territory set forth in Section 1.2 and the Data Sheet. Franchisor has the right to supplement, improve or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional protected territories.

1.2 **Designated Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference (the "Designated Territory") during the term of this Agreement. Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through 1.7 of this Agreement. Franchisee is permitted to conduct the Franchised Business outside of the Designated Territory provided that (a) Franchisee will not be operating within another franchisee's Designated Territory, and (b) Franchisee received Franchisor's prior written consent in each instance. Other than these operations, Franchisee is not permitted to operate (or market) the Franchised Business outside of the Designated Territory without Franchisor's prior written consent. All sales and other activities conducted within or outside the Designated Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in the Operations Manual (as defined in Section 6.1).

1.3 **Approved Location.** Franchisee shall operate the Franchised Business only at the approved location identified in the Data Sheet (the "Approved Location"). Franchisee shall operate the Franchised Business from a home office or other commercial space that meets Franchisor's then-current standards and specifications for an Approved Location. Franchisor may provide Franchisee

with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, then Franchisee must select a location to operate the Franchised Business and receive Franchisor's approval prior to opening the Franchised Business.

1.4 National Accounts. Franchisor will have the exclusive right, on behalf of itself, its affiliate(s), Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts," including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Accounts outside of the Designated Territory, or solicit any National Accounts within or outside of the Designated Territory who are already under contract with Franchisor.

1.4.1 The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond one designated territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding.

1.4.2 Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Proprietary Marks, such services to the National Account customer location(s) within the Designated Territory and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Designated Territory, on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

1.4.3 Franchisee agrees that neither the direct provision by Franchisor or a franchisee, licensee, or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Designated Territory. Franchisee disclaims any right to compensation or consideration for rides performed by others in the Designated Territory pursuant to this Section.

1.5 Reservation of Rights. Franchisee acknowledges that, except as otherwise provided in this Agreement, Franchisee's right to provide the Approved Products and Services, and otherwise use the Proprietary Marks and System, within the Designated Territory is non-exclusive and Franchisor and its affiliates expressly reserve the right to: (i) open and operate, and license others the right to open and operate, Franchised Businesses that offer products and use the Proprietary Marks and System at any location outside of the Designated Territory; (ii) open and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark at any location, within or outside the Designated Territory; (iii) acquire, or be acquired by, any company, including a company operating one or more businesses near the Franchised Business that offer products and services that are the same or substantially similar to the Approved Products and Services; (iv) exercise its rights under Section 1.6 of this Agreement in the events of catastrophe(s); (v) designate and service National Accounts; (vi) service, route, and/or assign any and all customer inquiries received through

Franchisor's Call Center (if and/or when established) in accordance with this Agreement; and (viii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited in this Agreement.

1.6 Events of Catastrophe. Notwithstanding Section 1.2, in the event of a natural disaster or other similar catastrophic situation, as Franchisor determines in its sole discretion, Franchisor, its affiliate(s) and other System franchisees may be permitted to provide support to Franchisee and/or perform rides in the Designated Territory, and Franchisee will not be entitled to any proceeds from the provision of these services performed by third parties within the Designated Territory.

1.7 Alternate Channels of Distribution. Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Designated Territory by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute Approved Products and Services as described in this Section; or (ii) to share in any of the proceeds received by any such party therefrom.

1.8 Right to Service Customers in Designated Territory; Use of Call Center.

1.8.1 If Franchisor establishes a Call Center, then Franchisee must ensure that all initial calls made to the Franchised Business are forwarded to the Call Center, which is part of Franchisor's proprietary Call Center (as defined in this Agreement). Once a customer's call is routed to the Call Center and assigned to the Franchised Business, Franchisor will route that customer's inquiry to Franchisee if the customer's location (where the ride is to be performed) is within the Designated Territory, unless: (i) Franchisor determines that the ride is in the nature of an emergency and (a) Franchisee does not respond to the assignment within a time period Franchisor deems reasonable in its sole discretion appropriate under the circumstances, or (b) Franchisee is not able to perform the required services for the customer within a time period Franchisor deems reasonably appropriate in its sole discretion; (ii) the inquiry is of such a large scope, complexity and/or commercial nature that Franchisor determines, in its sole discretion, that Franchisee is not capable of performing the inquiry requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of inquiry requested (in which case Franchisor may route the inquiry and/or order to Franchisee and additional franchisees, or other franchisees, or Franchisor's affiliate, for completion); (iii) the inquiry and/or order is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to a Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; (iv) Franchisee is not operating the Franchised Business in compliance with this Agreement; or (v) Franchisor reasonably determines that a portion of the Designated Territory has been subjected to a disaster or catastrophe.

1.8.2 Franchisee agrees and acknowledges that Franchisor's rights under this Section are necessary to: (i) maintain uniformity across the System and ensure that all rides and other work performed under the Proprietary Marks meets Franchisor's System standards for customer service; and (ii) account for inadvertent mistakes by Franchisor's customers and Franchisor's Call

Center. Franchisee further acknowledges that it does not have any right to share in the Gross Sales generated from customers that are serviced within the Designated Territory unless Franchisee is assigned, and subsequently provides services to, such customers.

2 TERM AND RENEWAL

2.1 **Term.** The initial term of the Franchise is for a period of ten (10) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for one (1) successive, additional ten (10) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least twelve (12) months, and no more than eighteen (18) months, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location within the Designated Territory acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the expiration of the then-current term, any updates to all required equipment, supplies, inventory, hardware and software, and vehicles to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications and, Franchisee has completed all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's Approved Location so that it satisfies Franchisor's then-current standards;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and has timely met these obligations throughout the term of this Agreement;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements), at least three (3) months prior to the expiration of this Agreement;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, if any, as of the date of such renewal, and Franchisee has otherwise obtained and maintained all licenses, permits and approvals required by federal and state law applicable to providing the Approved Products and Services at any location within the Designated Territory;

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee in the amount of fifteen thousand dollars (\$15,000).

3 FEES AND MANNER OF PAYMENT

3.1 **Initial Franchise Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee of forty-nine thousand nine hundred dollars (\$49,900) (the “Initial Franchise Fee”), which is due at the signing of this Agreement and deemed fully earned and non-refundable upon payment, in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor’s lost or deferred opportunity to franchise others.

3.2 **Royalty Fee.** Franchisee must pay Franchisor a monthly royalty fee (the “Royalty”), which is to be paid within 30 days after the end of each calendar month for the prior calendar month, in an amount equal to the greater of: (i) six percent (6%) of Gross Sales generated by the Franchised Business for sales made during the immediately preceding calendar month; or (ii) the minimum royalty fee (“Minimum Royalty Fee”), as described in Section 3.2.1 below.

3.2.1 *Minimum Royalty Fee.* Franchisee’s Minimum Royalty Fee for one (1) Designated Territory is based upon the number of months the Franchised Business has been open and operating. The Minimum Royalty Fee is as follows:

Time of Operation	1 Designated Territory
First 3 Months	6% of Gross Sales
4 to 12 Months	\$500
Second Year	\$1,000
Third Year +	\$1,500

However, Franchisee will not be subject to a Minimum Royalty Fee during the first three (3) months of operations on the condition that Franchisee strictly complies with all of its obligations during the first three (3) months of operations. Notwithstanding the foregoing, Franchisee shall pay the Royalty fee equal to six percent (6%) of Gross Sales generated by the Franchised Business for sales made during the first three (3) months. For purposes of this Agreement, Franchisee will be considered open once Franchisee completes the Initial Training Program. Thus, the Minimum Royalty Fee of \$500 will begin four (4) months from the day Franchisee completes the Initial Training Program.

“Gross Sales” is defined in the Franchise Agreement to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Sales does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3.3 Gross Sales Reports. Franchisee shall send Franchisor a signed report (“Gross Sales Reports”) on or before the tenth (10th) day of each month for the immediately preceding calendar month, in the manner and form specified by Franchisor. Each Gross Sales Report must set forth: (i) Franchisee’s Gross Sales generated during the previous calendar month; (ii) Franchisee’s calculation of the Royalty and National Fund Contribution (as defined in in this Agreement); and (iii) any other information Franchisor may require. Franchisor may change the form and content of the Gross Sales Reports from time to time and/or may require Franchisee to submit Gross Sales Reports on a weekly basis, upon notice to Franchisee.

3.4 Method of Payment. With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “EFT Program”), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee’s bank’s name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Sales Report has not been received within the required time period, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Sales Report provided by Franchisee to Franchisor, provided, that if a Gross Sales Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor may withdraw additional funds through an electronic funds transfer from Franchisee’s designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee’s future obligations.

3.5 Brand Fund Contribution. As set forth more fully in Section 12 of this Agreement, Franchisor has established a brand fund for advertising and brand promotion (the “Brand Fund”). Franchisee shall make monthly Brand Fund Contributions of two percent (2%) of Gross Sales generated by the Franchised Business for sales made during the immediately preceding calendar month (the “Brand Fund Contribution”). Presently, Brand Fund Contributions are to be paid as directed by Franchisor via the EFT Program within 30 days after the end of each calendar month, or as otherwise required by the Operations Manual or in writing by Franchisor. Franchisor will have the right to expend the funds accumulated in the Brand Fund in Franchisor’s sole discretion. Notwithstanding the foregoing, Franchisor reserves the right to increase the Brand Fund Contribution at any time upon providing 90 days’ notice to Franchisee, provided that the Brand Fund Contribution will not exceed three percent (3%) of Gross Sales during the term of this Agreement.

3.6 **Local Advertising Requirement.** Franchisee shall expend a minimum of two percent (2%) of Gross Sales each month on local advertising (the “Local Advertising Requirement”). While the Local Advertising Requirement will typically be paid to third parties that Franchisor designates, Franchisor and its affiliate(s) reserve the right to collect this fee or to designate an Approved Supplier that will collect this fee. Franchisor may increase the Local Advertising Requirement up to a maximum of three percent (3%) of Franchisee’s Gross Sales each month upon 90 days’ prior written notice to Franchisee.

3.7 **Technology Fee.** In addition to the fees set forth above, Franchisee must pay Franchisor and/or Franchisor’s designated vendors’ the then-current technology fee, which is currently \$250 per month (the “Technology Fee”), associated with using and maintaining Franchisor’s reservation system, intranet, mobile applications, required computer hardware and software, hosting services and solutions, and any other technology used in the operation of the Franchised Business, and such payment shall be made in the manner prescribed by Franchisor or the designated vendor(s), as applicable. Franchisee shall pay the Technology Fee in the same manner as the Royalty and as described in Section 3.4 of this Agreement, or as otherwise set forth in the Operations Manual or in writing by Franchisor. Franchisor reserves the right to change the amount of the fee described in this Section as changes are made to the System’s hardware, software and other computer requirements or as required by the third party service provider(s) or by any regulatory agency.

3.8 **Call Center Fee.** If established, Franchisee shall pay Franchisor a call center fee within 30 days of the end of each month. Franchisor reserves the right to charge up to four percent (4%) of Franchisee’s Gross Sales (the “Call Center Fee”).

3.9 **Late and/or Under Payments and Interest.** All fee payments, amounts due for purchases by Franchisee from Franchisor and/or its affiliated company, and other amounts which Franchisee owes to the Franchisor and/or its affiliated company, not received on or before the due date, shall be deemed past due. If any payment or contribution is past due, Franchisee shall pay to the Franchisor immediately upon demand, in addition to the past due amount, Franchisor’s then-current late fee per incident, plus interest on the past due amount from the date it was due until paid at the rate of one and one half percent (1½%) per month, or the maximum rate permitted by law, whichever is less. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor’s sole judgment, any other rights or remedies available to Franchisor under this Agreement. In addition to the interest set forth above, Franchisee shall also pay Franchisor on hundred dollars (\$100) for each week that a payment is paid after the due date.

3.10 **No Right to Off Set.** Franchisee shall not be entitled to set off any payments required to be made under this Section 3 against any monetary claim it may have against Franchisor.

3.11 **Non-Exclusive Remedies.** Franchisor’s right to recover interest and late payment fees under this Section shall not prevent Franchisor from obtaining, or otherwise waive, any other remedy available to Franchisor for Franchisee’s breach of this Section as set forth in this Agreement or under applicable law.

3.12 **Taxes on Payments.** In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

4 PROPRIETARY MARKS

4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only in the Designated Territory and in sales and marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name approved in advance by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks that Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor shall defend

Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

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

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

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within thirty (30) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section 5.2. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

5.2 **Confidential Information.** Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; Operations Manual, Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any Trade Secrets (as defined in Section 5.3 of this Agreement), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

5.3 **Trade Secrets.** Notwithstanding Section 5.2, trade secret means information (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (collectively, "Trade Secrets"). To the extent that applicable law mandates a definition of "trade secret" inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.

5.4 **Employees/Personnel.** All of Franchisee's employees or other personnel must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to this Agreement. Employee non-compete and

restrictive covenant agreements must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

5.5 New Concepts. If Franchisee, or Franchisee’s employees or principals, develop(s) any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee’s principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee’s principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee’s principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee’s principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee’s rights therein.

5.6 Customer Privacy. Franchisee agrees to adhere to the terms of Franchisor’s customer privacy policies Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as absolutely necessary to operate the Franchised Business.

6 FRANCHISOR’S OBLIGATIONS

6.1 Operations Manual. Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to its operations manual, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor’s proprietary and confidential operations manual for operating a Franchised Business (“Operations Manual”). The Operations Manual may cover such topics as pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time. The Operations Manual will remain confidential and the property of the Franchisor, constituting a trade secret of Franchisor, and may not be, shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Operations Manual from time to time in writing in any manner, including through the Operations Manual, email, Franchisor’s website, or any other means. Franchisee must always follow the directives in the Operations Manual,

as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

6.2 Initial Supplies. Franchisor will provide Franchisee with a list of all items, hardware, software and equipment needed to open the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), with which Franchisee must comply.

6.3 Ongoing Assistance. Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, on-site visits, or other means. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion. Franchisor may also use the Operations Manual to provide some self-serve training materials.

6.4 Additional Training. As set forth more fully in Section 8, Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training up to twenty (20) days per year at a location to be selected by Franchisor. All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or in Franchisee's Designated Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to conduct such training, including transportation, meal, and lodging expenses. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

6.5 Remedial Training. In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to attend up to five (5) days of remedial training a year (in addition to any required training). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its then-current tuition training fee to provide such remedial training.

6.6 Call Center. Franchisor reserves the right to establish a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee (the "Call Center"). If established, Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Operations Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service. Franchisor has the absolute right to receive all customer calls to the Franchised Business, and subsequently service, route and/or assign any rides or inquiries resulting from such calls as it deems advisable in its sole discretion, regardless of whether the customer is located within Franchisee's Designated Territory. If

established, all System related phone numbers and internet lead sources are required to be ported to or directed to Franchisor.

6.7 **Pricing.** Franchisor may advise Franchisee from time to time concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchisee. Nothing contained herein shall be deemed a representation or warranty by Franchisor that the use of Franchisor's suggested prices will result in a profit. Franchisee may charge whatever prices it deems appropriate without regard to Franchisor's suggested pricing.

6.8 **Annual Conference.** Franchisor may, in Franchisor's discretion, hold one or multiple annual conferences at a location to be selected by Franchisor (the "Annual Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Annual Conference and pay Franchisor's then-current registration fee if it chooses to charge a registration fee in its sole discretion. The registration fee will cover the registration fee for up to two (2) people to attend the Annual Conference. Franchisor reserves the right to charge Franchisee a fee to cover convention expenses in the event the Franchisee chooses not to attend. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Conference, as well as lodging, meals, and salaries during the Annual Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Annual Conference, including costs related to productions, programs, and materials.

7 FRANCHISEE'S OBLIGATIONS

7.1 **Site Location and Lease Approval.** Franchisee may either operate the Franchised Business from a home office or secure commercial office space that meets Franchisor's standards and specifications. Franchisee will need approximately 100 to 300 square feet of space for Franchisee's office. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Franchised Business, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, then Franchisee must submit to Franchisor a proposal for a location for Franchisor's written approval.

7.1.1 *Relocation.* If, for any reason, Franchisee wishes to relocate the Franchised Business, Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisor may require Franchisee to reimburse Franchisor for its reasonable costs and expenses associated with evaluating Franchisee's relocation request and/or any locations proposed by Franchisee for relocation.

7.1.2 *Franchised Business Appearance and Construction.* Franchisee agrees that the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-

out at the Approved Location and must ensure that plans meet applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.2 Training. Franchisee (or if Franchisee is an entity, then Franchisee's principals) must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement. Franchisor has the right to require up to two (2) individuals to attend in addition to Franchisee (for a total of three (3)).

7.3 Opening Requirements. Franchisee shall open and commence operating the Franchised Business within one hundred and twenty (120) days of executing this Agreement. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Designated Territory, and provide Franchisor with written proof thereof; (ii) purchase all required vehicles, equipment, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

7.4 Purchasing Requirements.

7.4.1 Compliance with Standards. Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, and product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 Designated and Approved Suppliers. Franchisee must currently use Franchisor's designated suppliers to purchase any items and/or services necessary to operate the Franchised Business. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's affiliates or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole

discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

7.4.3 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

7.4.3.1 Franchisee, or the proposed supplier, must pay Franchisor's reasonable costs that Franchisor estimates it will incur in connection with inspecting the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee. If the costs Franchisor incurs are more than the amount Franchisee or the proposed supplier advanced, then Franchisor may withdraw additional funds through the EFT Program from Franchisee's designated bank account for the difference, or if the actual amount Franchisor incurs is less than the amount of the advancement, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that

such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

7.5 Authorized Products and Services. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services.

7.6 Operations.

7.6.1 Hours of Operation. Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Operations Manual.

7.6.2 Maintenance of Franchised Business. Franchisee and/or its personnel must maintain the Franchised Business and all vehicles and equipment in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's personnel must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 Personnel/Staffing. Franchisee must engage a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All personnel engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 Compliance with Operations Manual and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

7.6.5 Management Participation. Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote their personal full-time attention and best efforts to the management and operation of the Franchised Business. After the first six (6) months of operation and upon Franchisee's written request, Franchisor may permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program. In the event that Franchisee operates more than one Franchised Business, Franchisor may require Franchisee to have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee will keep Franchisor informed at all times of the identity of any person acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Franchisee and any Designated Manager(s) are not permitted to seek or maintain other employment or engage in any other business activities during the term of this Agreement.

7.6.5.1 If Franchisee's Designated Manager departs the Franchised Business and Franchisee does not have another Designated Manager that satisfies the requirements in Section 7.6.5 above, then Franchisor may, at its option, provide Franchisee with a temporary replacement Designated Manager and Franchisee shall be obligated to pay the replacement Designated Manager the then-current fee for each full or partial day.

7.6.6 Working Capital. Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 Inventory. Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles, supplies, equipment and inventory (as applicable) as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory (as applicable), including Franchisor's proprietary products and other equipment and supplies used in the operation of the Franchised Business, as required by Franchisor to adequately meet consumer demand.

7.6.8 *Products with Proprietary Marks.* Franchisee shall in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor.

7.6.9 *Market Research.* Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by Franchisor.

7.7 **Franchised Business Inspection.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business, confer with Franchisee and Franchisee's personnel and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the franchise System and Franchisee's performance under this Agreement, the Operations Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.8 **Computer Software and Hardware.**

7.8.1 *Business Management and Technology System.* Franchisor's business management and technology system ("Technology System") is a proprietary integrated business management system, which includes customized software, which facilitates the flow of business related information between Franchisee, Franchisor, and Franchisee's customers. The Technology System will be managed and maintained by either Franchisor, a third-party company selected by the Franchisor, or a combination of both. The Technology System includes software that manages customer / Franchisee / Franchisor interactions from demand generation and lead generations, Franchisor's websites, telematics, and the Call Center (if established), to which Franchisee is required to forward any and all calls made to the Franchised Business (and all telephone numbers associated therewith) so that Franchisor can receive/route/assign these customer calls through the Technology System as set forth more fully in this Agreement. Franchisee will have access to the Technology System through a unique login.

7.8.2 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, software, and hardware be used by Franchisee (the "Computer System").

7.8.3 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor's Technology System software (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

7.8.4 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required

Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

7.8.5 Franchisor's Access. Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section within thirty (30) days of opening the Franchised Business.

7.8.6 Proprietary Software. Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the "Proprietary Software"). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business, and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor's proprietary product and the information collected therefrom will be deemed Franchisor's confidential information.

7.8.7 Computer Network. Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

7.9 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Proprietary Marks into disrepute.

7.10 Best Efforts. Franchisee (or Franchisee’s principals) must devote their personal full-time attention, skill and best efforts to the management and operation of the Franchised Business and to promote and increase the demand for the Franchisor’s products and services within the Designated Territory. In consideration of the grant of the Franchised Business, Franchisee (or Franchisee’s principals) agrees that it will not own, maintain, engage in, be employed by or have any interest in any other business other than the Franchised Business. Franchisee agrees that Franchisee may not, without the prior written consent of Franchisor, engage in any commercial activity that: (i) is not performed for the sole and direct benefit of the Franchised Business; (ii) may benefit or promote any other business; or (iii) may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System. Franchisee acknowledges that Franchisee’s (or Franchisee’s principals’) violation of the terms in this Section will be a material breach of this Agreement, and Franchisor may terminate this Agreement with notice and without an opportunity to cure. The foregoing remedy shall be in addition to any other legal or equitable remedies that the Franchisor may possess.

7.11 Telephone and Email Access. Franchisor reserves the right to procure and supply all telephone numbers and email accounts associated with the Franchised Business.

7.12 Payment of Debts. Franchisee is solely responsible for: selecting, retaining and paying Franchisee’s employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee’s obligations in order to preserve the relationship between System suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee’s operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 Compliance with Applicable Laws. Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, trademark and copyright infringement, fair marketing laws, consumer protection, trade regulation, workers’ compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act (“ADA”) regarding the construction, design and operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee’s employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee’s employees be deemed to be employees of Franchisor or Franchisor’s affiliates.

7.14 **Trade Secrets and Confidential Information.** Franchisee and all of its employees must maintain the confidentiality of all Confidential Information as set forth in this Agreement.

7.15 **Image.** Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other service businesses that offer similar products and services valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products Franchisor designates that are imprinted with the Proprietary Marks and colors, as prescribed from time to time by Franchisor.

7.16 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.17 **Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), trailer(s) (as applicable), equipment, tools and the Approved Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Approved Location or its vehicles or equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within fifteen (15) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Approved Location and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

7.18 **Customer Service.** Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Operations Manual or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

7.19 **Minimum Performance Requirement.** Franchisee is obligated to generate a minimum of \$25,000 in Gross Sales per Designated Territory per month in order to meet its minimum performance requirement (the "Minimum Performance Requirement"). The Minimum Performance Requirement begins in the seventh (7th) full month after opening the Franchised Business. If

Franchisee fails to meet its Minimum Performance Requirement for three (3) consecutive months, then Franchisor may require Franchisee to attend, at Franchisee's cost, additional training. If Franchisee fails to meet its Minimum Performance Requirement again for three (3) consecutive months, then such failure shall be deemed to constitute a non-curable default of this Agreement and Franchisor will provide Franchisee with the opportunity to sell the Franchised Business and transfer this Agreement in accordance with the transfer provisions of this Agreement.

8 TRAINING

8.1 Initial Training Program. Franchisor will provide Franchisee (or one of Franchisee's principal owners if Franchisee is a business entity) and up to two (2) additional representatives that Franchisee designates with Franchisor's then-current initial training program (the "Initial Training Program") tuition-free, subject to the availability and schedule of Franchisor's training personnel. Franchisee must attend and successfully complete the Initial Training Program to Franchisor's satisfaction at Franchisor's corporate headquarters (the "Home Office"), or other location that Franchisor designates, prior to commencing operations of the Franchised Business. If Franchisee is a business entity, each franchise owner must attend and successfully complete the Initial Training Program. The Initial Training Program lasts approximately five (5) days, and Franchisee will be solely responsible for costs and expenses Franchisee and its representative(s) incur in connection with attending the Initial Training Program, including travel, lodging, meals or any wages incurred for Franchisee's employees. In the event Franchisor permits Franchisee to employ a Designated Manager (as defined in this Agreement), such Designated Manager must attend and complete the Initial Training Program to Franchisor's satisfaction prior to commencing any managerial duties of the Franchised Business.

8.1.1 Timing for Completion. Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction prior to opening the Franchised Business and within ninety (90) days from the date this Agreement is fully executed. In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction within this ninety (90) day period, then Franchisor may terminate this Agreement or Franchisor may provide Franchisee with additional time in exchange for a general release.

8.1.2 Additional Employees. In the event Franchisee wishes for more than two (2) additional persons to participate in the Initial Training Program (other than Franchisee or Franchisee's partner or principal shareholder), Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel, and charge Franchisee its then-current training tuition fee. All training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.1.3 Replacement Personnel. In the event Franchisee or Franchisee's employee(s) fails to complete the Initial Training Program to Franchisor's satisfaction, the respective person may repeat the course, or, in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its then-current training tuition fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.1.4 *Employee Training.* Franchisee must ensure that any and all employees of the Franchised Business that do not attend the Initial Training Program are properly trained to perform their respective duties in connection with the Franchised Business prior to such employee(s) undertaking these duties.

8.1.5 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials may be available to Franchisee in the Operations Manual or by other means in Franchisor's sole discretion. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.

8.2 **Additional and Remedial Training.** Franchisor may conduct, and require Franchisee, Franchisee's Designated Manager (if applicable) and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion. Franchisor may charge Franchisee its then-current tuition fee for Franchisee and any other persons that attend such additional or refresher training, and Franchisee will be solely responsible for any and all expenses associated with such training (including travel, lodging, meals, and employee wages incurred). Additional and/or refresher training may take place at Franchisor's Home Office or any other location that Franchisor designates. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

8.3 **Reasonable Training and Assistance Requests.** Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee its then-current tuition fee for any training or assistance that Franchisor provides at Franchisee's request, and Franchisee is solely responsible for any expenses and costs incurred: (i) by Franchisee and its representatives in connection with attending such additional training; and (ii) by Franchisor in connection with providing such training or assistance, whether at the Home Office or on-site at Franchisee's Approved Location or within the Designated Territory. Additional assistance may be provided by Franchisor over the phone, via email or Franchisor's Operations Manual.

9 INSURANCE

9.1 **General.** Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Operations Manual. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable. The insurance policy or policies must be in effect at least (i) thirty (30) days prior to attending our initial training program, or (ii) upon signing a lease agreement for the premises of the Franchised Business. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's respective, past, present, and future officers, directors, owners, managers, members, stockholders, affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised

Business. Franchisee shall have Tootl Franchising, LLC as an additional insured under each policy, except for policies required by statute in Franchisee's jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice through the Operations Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Upon Franchisor's request or as specified in the Operations Manual, Franchisee shall provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith.

9.2 Insurance Rating, Approval, and Certification. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its affiliates.

9.3 Designees. All liability policies will list Franchisor as an additional insured except the Employment Practices Liability policy where Franchisor will be named as Co-Defendant. The Commercial General Liability policy shall contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates and will be primary and non-contributory to any insurance we might carry. Franchisor reserves the right to modify required insurance coverage during the course of Franchisee's agreement based on changes in risk factors for which Franchisee will comply with upon written notice from Franchisor.

9.4 Claims Cancellation. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section 9.

9.5 Failure to Maintain Insurance. If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.

9.6 Modification of Requirements. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least ten (10) fiscal years from their preparation, full, complete accurate records of all sales, marketing activities, contracts, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section in accordance with generally accepted accounting principles.

10.1.1 Franchisee will, at its expense, submit to the Franchisor within sixty (60) days of the end of each calendar year of the Franchised Business during the term of this Agreement, a complete financial statement for the said calendar year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as the Franchisor may require.

10.1.2 Each financial statement shall be signed by Franchisee or by an individual authorized by the Franchisee, attesting that the statement is true and correct and prepared in accordance with the Franchisor's requirements.

10.1.3 Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement, including QuickBooks and Franchisor's software provider(s).

10.1.4 Franchisee shall provide Franchisor any other data, information and supporting records that Franchisor designates from time to time, including any and all reports set forth in the Operations Manual.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor within thirty (30) days of filing: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports Franchisee furnishes.

11 BOOKS AND RECORDS

11.1 **Records and Audits.** Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and otherwise operating in compliance with the terms of this Agreement and the Operations Manual. Moreover, Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement, including QuickBooks and Franchisor's software provider. If any audit reveals that Franchisee has understated Franchisee's financial information,

including but not limited to Royalty or Brand Fund Contribution payments, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisee incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

11.2 Corporate or Limited Liability Company Franchisee Records. If Franchisee becomes a corporation, limited liability company or other business entity either prior to executing this Agreement, or at any time during the term of this Agreement, the following requirements, when applicable, shall apply:

11.2.1 Copies of Franchisee's Articles of Incorporation or Charter, minutes of the annual meeting, by-laws and other governing documents, and any amendments thereto, copies of initial shareholder certificates and Shareholder Agreements, if any, and the Resolutions of the Board of Directors authorizing entry into this Agreement as required by the Franchisor and as set forth in the Operations Manual shall be promptly furnished to Franchisor.

11.2.2 Franchisee shall maintain a current list of all owners or members of record and all beneficial owners of any class of stock of Franchisee and shall furnish such list to Franchisor annually.

11.2.3 All members with or shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of a Personal Guaranty in a form approved by the Franchisor (see Exhibit "A" to this Agreement). All members and/or shareholders shall also be individually subject to the non-disclosure and confidentiality provisions as set forth in this Agreement, as well as any and all in-term and post-term restrictive covenants. However, the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation").

11.2.4 The majority equity owner in the entity that becomes the Franchisee must complete the Initial Training Program and all other training required by the Franchisor and work directly in the day-to-day operations of the business and devote his or her personal full-time attention, skill and best efforts to the management and operation of the Franchised Business, unless Franchisor agrees otherwise in writing.

11.2.5 All issued and outstanding stock certificates of such corporation shall bear the following legend:

EXAMPLE: "Transfers of these shares is subject to certain restrictions contained in a Franchise Agreement between _____ and Tootl Franchising, LLC, dated _____."

12 ADVERTISING

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

12.1 **Generally.** With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least thirty (30) days prior to its intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within fifteen (15) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within fifteen (15) days, proposed materials shall be deemed disapproved. All advertising must prominently display the Proprietary Marks and will comply with any standards for use of the Proprietary Marks that Franchisor establishes, as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. Franchisor may unilaterally modify the provisions of this Section from time to time in its sole discretion.

12.2.1 Franchisor has established an Internet website that provides information about the System and the products and services offered by franchised businesses. Franchisor shall have sole discretion and control over the website (including timing, design, content and continuation).

12.2.2 Franchisor has created interior pages on its website(s) that contain information about Franchisee's Franchised Business and other franchised businesses. Franchisor may require Franchisee to prepare all or a portion of the page for Franchisee's Franchised Business, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, TikTok, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such site or page in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.2.4 Franchisor may use a portion of the Brand Fund Contribution to pay or reimburse itself for the costs incurred in connection with the development, maintenance and update of its website.

12.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name www.ridetootl.com, as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any

Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 Brand Fund. Franchisor has established a Brand Fund for the common benefit of System franchisees. Franchisor requires Franchisee to participate in and contribute monthly two percent (2%) of the Franchised Business's Gross Sales to the Brand Fund. Notwithstanding the foregoing, Franchisor reserves the right to increase the Brand Fund Contribution at any time upon providing notice to Franchisee, provided that the Brand Fund Contribution will not exceed three percent (3%) of Gross Sales during the term of this Agreement. Franchisee must pay the Brand Fund Contribution directly to the Brand Fund via EFT on a monthly basis within 30 days of the end of the prior month and based on the Gross Sales generated during the preceding calendar month. Franchisor reserves the right to modify the frequency, manner, or method of payment upon providing reasonable notice to Franchisee.

12.3.1 Franchisor will use the Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that Franchisor will make a good faith effort to expend the Brand Fund in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. The Brand Fund will not be used for the direct solicitation of franchise sales, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available". Franchisor also reserves the right to use the Brand Fund for public relations or recognition of the brand.

12.3.2 Franchisor may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System established minimum standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the Brand Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

12.3.4 In Franchisor's sole discretion, units owned and operated by Franchisor or its affiliates may, but are not obligated to, contribute to the Brand Fund. Franchisee acknowledges that the use of the Brand Fund or other advertising funds or accounts and the expenditures made

thereby, may benefit Franchisor and its units, even though the units operated by Franchisor or its affiliates may or may not contribute to the Brand Fund or other advertising funds or accounts.

12.3.5 Franchisor will prepare on an annual basis and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.3.6 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.3.7 Franchisor assumes no obligation or liability to Franchisee with respect to the maintenance, direction or administration of the Brand Fund or any other advertising funds or accounts maintained in connection with this Agreement, except as expressly set forth in this Section. Franchisor also has the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

12.3.8 Franchisee acknowledges that the Brand Fund is not a trust or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Fund or the monies therein.

12.3.9 Franchisor may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

12.4 Regional Advertising and Promotional Cooperative. Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Marketing Requirement discussed in Section 12.5 below. The following provisions will apply to each Cooperative:

12.4.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.4.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local marketing;

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.4.4 Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; however, the

Cooperative may, by a two-thirds majority vote of its members, require a Cooperative contribution in excess of the Local Marketing Requirement;

12.4.5 Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.4.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final; and

12.4.7 Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

12.5 **Initial Marketing Requirement; Local Marketing Requirement.**

12.5.1 *Initial Marketing Requirement.* In connection with the opening of the Franchised Business, Franchisee shall spend a minimum amount of seven thousand five hundred dollars (\$7,500) in local marketing, and as otherwise required and directed by Franchisor ("Initial Marketing Requirement"). Any marketing must be conducted in accordance with Franchisor's standards and specifications, as described in the Operations Manual or this Agreement. Franchisor reserves the right to collect all or a portion of the Grand Opening Marketing. Franchisor may require Franchisee to use Franchisor's Approved Supplier in connection with conducting the Initial Marketing Requirement. The Initial Marketing Requirement shall be conducted within a period of 30-60 days prior to opening the Franchised Business and 30 days after opening the Franchised Business.

12.5.2 *Local Marketing Requirement* In addition to the Brand Fund Contribution described above in Section 12.3, each month, Franchisee will be required to spend at least two percent (2%) of Franchisee's Gross Sales from the prior month on local marketing and promotion in accordance with Franchisor's standards and specifications (the "Local Marketing Requirement"). Franchisor reserves the right to increase the Local Marketing Requirement to up to three percent (3%) of Gross Sales per month. Franchisee must spend the Local Marketing Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements, or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Marketing Requirement must be expended within Franchisee's Designated Territory. Franchisee acknowledges and agrees that Franchisee's Local Marketing Requirement must be expended regardless of the amount(s) spent by other System franchisees on local marketing. Franchisee may spend any additional sums Franchisee wishes on local marketing. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee will submit to Franchisor proof of Franchisee's expenditures on local marketing. If established, all phone numbers used in local advertising by the Franchised Business of any form must be forwarded to Franchisor's Call Center.

12.6 **Advisory Council.** Franchisor reserves the right to establish an Advisory Council ("Advisory Council"). Elected franchisee(s) must participate actively in the Advisory Council as

Franchisor designates, and participate in all Advisory Council meetings approved by Franchisor. Franchisor reserves the right to prepare and amend the governing documents for the Advisory Council from time to time, in its sole discretion, at any time. Franchisor, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purposes of the Advisory Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for System-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Franchisor. The Advisory Council shall act in an advisory capacity only. Franchisor will have the right to form, change, or dissolve any Advisory Council at any time in its sole discretion.

13 INDEPENDENT CONTRACTOR; INDEMNIFICATION

13.1 Independent Contractor Status. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates the Franchised Business as an independently owned and operated business, and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors. It is understood and agreed by the parties hereto that this Agreement does not establish any fiduciary relationship between them.

13.2 Indemnification. Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the Franchised Business, including the use, condition, or construction, equipping, maintenance or operation of the Franchised Business and Franchisee's advertising; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of

any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnities and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

14 SALE OR TRANSFER

14.1 Transfer. Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 Death or Disability.

14.2.1 Representative's Right to Continue as Franchisee. In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"), such person (a) meets Franchisor then-current standards to become a franchisee, as described in Section 14.3.2.5, and (b) has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor. However, in the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in this Agreement, the personal representative of the deceased Franchisee will have a reasonable time, in Franchisor's sole discretion, which shall not exceed one hundred eighty (180) days from the date of transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business and such disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then Franchisor may terminate this Agreement.

14.2.2 Franchised Business Operation During and After 180 Day Period. Franchisor is under no obligation to operate the Franchised Business, or incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period

of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

14.3 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

14.3.1 Right of First Refusal. If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability company as set forth herein), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer ("Letter of Intent"). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth herein. Franchisee shall effect no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor's right of first refusal. So long as Franchisee has obtained Franchisor's prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner, shareholder, or member, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor's first right of refusal. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.3.2 Conditions for Approval. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer

is proposed to take place. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchise Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 That, at Franchisor's option, the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) either: (i) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; or (ii) execute Franchisor's then-current franchise agreement, and will receive a full then-current initial term for a franchisee, which term will commence on the date the transferee executes the then-current Franchise Agreement;

14.3.2.7 Franchisee shall pay Franchisor a transfer fee equal to fifteen thousand dollars (\$15,000) per Designated Territory that is being transferred to transferee. In the event Franchisee transfers multiple Protected Territories at once, Franchisor reserves the right, but

not the obligation, in Franchisor's sole discretion, to reduce the transfer fee for any of the Protected Territories being transferred, by any amount;

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 Franchisee must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.14 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.15 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

14.3.2.16 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.17 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.18 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.4 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fees set forth above, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized, and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder;

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and

14.4.5 At Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements and similar documents).

14.5 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 BREACH AND TERMINATION

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

15.1.4 *Loss of Premises.* If Franchisee loses the right to occupy the premises or operate the Franchised Business from the Approved Location.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised

Business or that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any misrepresentation made in Franchisee's franchise application.

15.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

15.2.4 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.5 *Failure to Complete Training.* If Franchisee (and/or Franchisee's Designated Manager, if applicable) fails to complete the Initial Training Program as provided in Section 8.

15.2.6 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.7 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

15.2.8 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 *Discloses Confidential Information or Trade Secrets.* If Franchisee or Franchisee's principals disclose or divulge the contents of the Operations Manual, or any other Confidential Information or Trade Secret provided to Franchisee by the Franchisor or any of its affiliates to any third party;

15.2.10 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.11 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 17.1, or any of the other restrictive covenants set forth in this Agreement.

15.2.12 *Liens*. If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.13 *Insolvency*. If Franchisee or any of Franchisee's principals become insolvent.

15.2.14 *Abandonment*. If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement for seven (7) days or more without Franchisor's prior written consent.

15.2.15 *Unauthorized Transfer*. If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof;

15.2.16 *Unauthorized Products or Services*. If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

15.2.17 *Unapproved Purchases*. If Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.18 *Proprietary Software*. If Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor may develop for use in connection with the System.

15.2.19 *Insurance*. If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.

15.2.20 *Government Regulations*. If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.

15.2.21 *Government Actions*. If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.22 *Anti-Terrorist Activities*. If Franchisee fails to comply with the provisions of Section 22.8.

15.2.23 *Personal Use of Franchised Business Property*. If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.24 *Insufficient Funds*. If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.

15.2.25 *Failure to Open*. If Franchisee fails to commence operations of the Franchised Business within the time prescribed in Section 7.3 of this Agreement.

15.2.26 *Operating Outside of Designated Territory*. If Franchisee operates the Franchised Business outside of the Designated Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.

15.2.27 *Violation of Best Efforts*. If Franchisee or Franchisee's principals violate any of the provisions in Section 7.10 of this Agreement.

15.3. **Upon 15 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Nonpayment*. If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's system suppliers or vendors.

15.3.2 *Endorsement of Checks*. If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Marketing Materials and Supplies*. If Franchisee fails to maintain sufficient levels marketing materials and other supplies necessary to adequately develop the Designated Territory and meet consumer demand.

15.3.4 *Interruption of Service*. If Franchisee fails to maintain the prescribed months, days, or hours of operation at the Franchised Business.

15.3.5 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel*. If Franchisee or the Designated Manager fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel, as Franchisor requires from time to time.

15.3.6 *Quality Control*. If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.7 *Licenses and Permits*. If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure**. Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step In Rights**. In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in

Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business. Franchisor reserves the right to charge Franchisee up to ten percent (10%) of Franchisee's Gross Sales generated during the period of time that Franchisor provides temporary management of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately cease using the Technology System and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all

items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement;

16.1.8 Immediately cease holding itself out as Franchisor's Franchisee;

16.1.9 Immediately cease to communicate with all customers of the Franchised Business;

16.1.10 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.11 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.12 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

16.1.13 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and

16.1.14 Immediately remove Franchisor's Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System;

16.1.15 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16; and

16.1.16 Reimburse Franchisor in connection with any costs Franchisor incurs in connection with enforcing Franchisee's obligations under this Section 16.

16.2 Option to Purchase Personal Property. Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such

purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

16.3 Exclusions. Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

16.4 Damages, Costs, and Expenses. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

17.1 During the Term of This Agreement. During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers the Approved Products and/or Approved Services or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Designated Territory or the Designated Territory of any other System franchisee, provided that this Section 17.1.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;

17.1.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

17.1.3 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.2 After the Term of This Agreement. For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals nor any member of the immediate family of Franchisee or Franchisee's owners, principals, officers, directors will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Designated Territory, (b) within a twenty-five (25) mile radius of the Designated Territory of any other Franchised Business, or (c) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Section 17.2.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business;

17.2.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

17.2.3 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.3 Intent and Enforcement. It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 Employees. Franchisee shall ensure that Franchisee's principals, managers, employees, and anyone else who will have access to Franchisor's Confidential Information, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the

Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

17.5 **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 DISPUTE RESOLUTION

18.1 **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to its conflict of laws principals.

18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

18.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to mediation, in Cook County, Illinois under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

- 18.3.1.2 Any claims pertaining to or arising out of any warranty issue;
- 18.3.1.3 Any of the restrictive covenants contained in this Agreement.
- 18.3.1.4 Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or
- 18.3.1.5 Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency

18.4 Selection of Venue. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Cook County, Illinois and the jurisdiction and venue of the United States District Court for the Northern District of Illinois. Franchisee acknowledges that this Agreement has been entered into in the State of Illinois, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Northbrook, Illinois including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Illinois as set forth in this Section.

18.5 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

18.6 Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

18.7 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

18.8 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

18.9 Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances

reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

18.9.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

18.9.2 Notwithstanding anything to the contrary contained herein, all actions shall be conducted on an individual, not a class-wide basis, and any proceeding between Franchisee, Franchisee's guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

18.10 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

19 REPRESENTATIONS

19.1 **Call Center.** If Franchisor established a Call Center, the Call Center will be provided on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for the Call Center, or covenant that the Call Center will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the Call Center or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR

WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE CALL CENTER, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE CALL CENTER, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

19.2 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

19.3 **Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND SCHEDULES, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

19.4 **Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

19.5 **Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee’s “immediate family” means Franchisee’s spouse, parents, children and siblings and Franchisee’s spouse’s parents, children and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members and managers, as applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 Severability. If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor’s other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor’s option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 State Law Applies. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the Franchised Business shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 Additional Documentation. Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee’s attorney-in-fact to execute any and all documents on Franchisee’s behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.6 Force Majeure. Neither Franchisee, Franchisor, or Franchisor’s affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee’s owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee’s owners, principals, employees, or anyone

associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.2.1 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

22.8 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

23 ACKNOWLEDGMENTS

23.1 Independent Investigation. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee's business abilities and efforts. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney.

23.2 No Guarantee of Earnings. Franchisee understands that Franchisor and any of Franchisor's representatives and/or agents with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business, and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business.

23.3 **Receipt of Franchise Disclosure Document.** Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) calendar days before Franchisee signed this Agreement or paid any monies to Franchisor or an affiliate and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before Franchisee signed this Agreement.

23.4 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

FRANCHISEE

TOOTL FRANCHISING, LLC

(Individual, Partnership or Corporation Name)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT A
to
TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT

PERSONAL GUARANTY

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I
PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to Tootl Franchising, LLC ("Franchisor") that you are all of the shareholders of the franchisee, or all of the general partners of the franchisee, or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5 of the Franchise Agreement) and indemnification (Section 13.2 of the Franchise Agreement). You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement.

ARTICLE II
CONFIDENTIALITY

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person,

partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, Franchisor's Operations Manual and its contents; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to Franchisor's integrated bookkeeping system, and other methods, techniques, and know-how concerning the operation of a Franchised Business of which you may be appraised by virtue of your role as a Guarantor of Franchisee.

ARTICLE III NON-COMPETITION

- 1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:
 - a) Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers the Approved Products or Approved Services or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Designated Territory or the Designated Territory of any other System franchisee, provided that this Article III(1) does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;
 - b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
 - c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

- 2) **After the Term of the Franchise Agreement.** For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:
 - a) Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (i) within the Designated Territory, (ii) within a twenty-five (25) mile radius of the Designated Territory of any other Franchised Business, or (iii) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Article III(2) does not apply to: (A) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (B) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business;

- b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
 - c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.
- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

ARTICLE IV DISPUTE RESOLUTION

- 1) **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.
- 2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Illinois, without any reference to Illinois conflict of laws principles.
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor's management. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to mediation, in Cook County, Illinois, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been

terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at Franchisor's option shall survive the termination or expiration of the Franchise Agreement.

The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

- i. Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
 - ii. Any claims arising out of or pertaining to any warranty issued;
 - iii. Any of the restrictive covenants contained in this agreement;
 - iv. Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or
 - v. Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.
- 5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** Nothing contained in this Guaranty shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Cook County, Illinois and the jurisdiction and venue of the United States District Court for the Northern District of Illinois. The parties acknowledge and agree that this Agreement has been entered into in the State of Illinois, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Northbrook, Illinois, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Illinois as set forth herein.

- 8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.
- 9) **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off. Notwithstanding anything to the contrary contained herein, all actions will be conducted on an individual, not a class-wide basis, and any proceeding between you, Franchisee, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.
- 11) **Attorneys' Fees.** If the undersigned is in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or this Guaranty, or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If the undersigned or Franchisee institutes any legal action to interpret or enforce the terms of this Guaranty or the Franchise Agreement, and the claim(s) in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.
- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.
- 13) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two

ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning that renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed for or against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.

- 14) **Construction of Language.** Any term defined in the Franchise Agreement that is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.
- 15) **Successors.** References to “Franchisor” or “the undersigned, or “you” include the respective parties' successors, assigns or transferees.
- 16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee or you for any reason.

***THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.
SIGNATURES APPEAR ON FOLLOWING PAGE***

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

PERSONAL GUARANTORS

SPOUSES

By: _____

By: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

By: _____

By: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

Telephone: _____

Telephone: _____

EXHIBIT B
to
TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. _____, doing business as a Tootl Franchising, LLC franchisee, (“Assignor”), in exchange for valuable consideration provided by Tootl Franchising, LLC (“Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business at Assignor's above-referenced address (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): _____

Facsimile Number(s): _____

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____ Date: _____

Name: _____

Title: _____

ASSIGNEE:

TOOTL FRANCHISING, LLC

By: _____ Date: _____

Name: _____

Title: _____

EXHIBIT C
to
TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT

CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT
*(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)*

In consideration of my being a _____ of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee, has acquired the right and franchise from Tootl Franchising, LLC (the “Company”) to establish and operate a franchised business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (the “Proprietary Marks”) and the Company's unique and distinctive format and system relating to the establishment and operation of Franchised Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the “Franchised Business Premises”).

1. The Company possesses certain proprietary and confidential information and trade secrets relating to the operation of the System and the Franchised Business, including the Company’s Manuals; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to the Company’s integrated bookkeeping system, and other methods, techniques and know-how concerning the of operation of the Franchised Business which may be communicated to Franchisee or of which I may be appraised by virtue of my employment with Franchisee (“Confidential Information”).

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In my position with the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company’s Operations Manual (the “Operations Manual”) and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other competing businesses, except for a Franchised Business operating under the System and Proprietary Marks.

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

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the State of Illinois. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

By: _____

Name: _____

Title: _____

Date: _____

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

EXHIBIT D
to
TOOTL FRANCHISING, LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA# : _____

Acct. No.: _____

Acct. Name: _____

1. Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes Tootl Franchising, LLC (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at _____: (1) all Royalty fees; (2) all Brand Fund Contributions, Call Center Fees, Technology Fees, or other recurring fees; and (iii) and other fees due and owing under the Franchise Agreement. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit the Gross Sales of Franchisee’s Franchised Business, less all amounts due under the Franchise Agreement, into the above-referenced account, electronically or otherwise. Such deposits shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISOR

FRANCHISEE

TOOTL FRANCHISING, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit C
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Multi-Unit Addendum

MULTI-UNIT ADDENDUM

This Multi-Unit Addendum (the “Addendum”) is made and entered into on _____ (the “Effective Date”), by and between: (i) Tootl Franchising, LLC, an Illinois limited liability company with a business address at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062 (“Franchisor”); and (ii) _____, a _____ with its principal place of business at _____ (“Franchisee”).

BACKGROUND

A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor entered into _____ franchise agreements (collectively, the “Applicable Franchise Agreements”) and, under each such Applicable Franchise Agreement, Franchisee obtained the right and undertook the obligation to operate a franchised business under Franchisor’s then-current proprietary mark(s) (each, a “Franchised Business”).

B. Each Franchised Business has its own designated territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (each, a “Designated Territory” and collectively, the “Designated Territories”).

C. Franchisor and Franchisee now wish to amend and otherwise clarify certain provisions in the Applicable Franchise Agreement, pursuant to the terms and conditions of this Addendum.

AGREEMENT

NOW, THEREFORRE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agrees as follows:

1. Background; Definitions.

a. The parties agree and acknowledge that the Background portion of this Addendum, including all definitions, representations and provisions set forth therein, is hereby incorporated by reference as if set forth in this Section.

b. For purposes of this Addendum, if a capitalized term in this Addendum is not specifically defined herein, that term will be given the same definition that the term is afforded in the Applicable Franchise Agreements, as applicable.

2. Multi-Unit Fee in Lieu of Initial Franchise Fee. Notwithstanding anything contained in Section 3.1 of the Applicable Franchise Agreements, Franchisee will not be required to pay Franchisor an Initial Franchise Fee under any Applicable Franchise Agreement. Instead, Franchisee must pay Franchisor a lump-sum multi-unit fee amounting to \$_____ (the “Multi-Unit Fee”). The entire Multi-Unit Fee must be paid upon execution of this Addendum and the Applicable Franchise Agreements, and this fee is deemed fully earned and non-refundable under any circumstances.

3. Minimum Royalty Fees. Notwithstanding anything contained in Section 3.2 of the Applicable Franchise Agreements, Franchisee’s Minimum Royalty Fee is based upon the number of Franchised Businesses and the number of months Franchisee has been open and operating. The Minimum Royalty Fee per each Franchise Agreement and Designated Territory is as follows:

Time of Operation	Minimum Royalty Fee per each Franchise Agreement / Designated Territory
First 3 Months	6% of Gross Sales
4 to 12 Months	\$500
Second Year	\$1,000
Third Year +	\$1,500

4. **Approved Location.** Section 1.3 of the Applicable Franchise Agreements is hereby amended to clarify that if Franchisee’s Designated Territories under the Applicable Franchise Agreements are contiguous, then Franchisee will only be obligated to secure one (1) Approved Location that meets Franchisor’s standards and specifications. However, if Franchisee’s Designated Territories are not contiguous, then Franchisee will be obligated to secure a separate Approved Location in connection with each Designated Territory.

5. **Opening Requirements.** If Franchisee’s Designated Territories are contiguous, then Franchisee shall be obligated to open all Designated Territories within 120 days of executing the Applicable Franchise Agreements and this Addendum. If Franchisee’s Designated Territories are not contiguous, then Franchisee will be obligated to (i) be fully compliant with all agreements, and (ii) open each Designated Territory in accordance with the following development schedule (the “Development Schedule”):

Start Development Period	Expiration of Development Period	Number of New Franchised Businesses Opened Within Development Period	Cumulative Number of Franchised Businesses that must be Open and Operating
Upon Execution of this Addendum	120 Days from the Effective Date of this Addendum	1	1
__ Months from the opening of the first Designated Territory		1	2
__ Months from the opening of the second Designated Territory		1	3

6. **Inventory.** Section 7.6.7 of the Applicable Franchise Agreements is hereby amended to clarify that Franchisee must maintain sufficient levels of inventory (as applicable), vehicles, supplies, and equipment in order to adequately meet consumer demand within the Designated Territories.

7. **Initial Training Program.** Section 8.1 of the Applicable Franchise Agreements is hereby amended to clarify that Franchisee is only obligated to attend the Initial Training Program once.

8. **Minimum Performance Requirement.** Franchisee is obligated to generate a minimum of \$25,000 in Gross Sales per Designated Territory per month in order to meet its minimum performance requirement (the “Minimum Performance Requirement”). The Minimum Performance Requirement begins in the first full month after opening the Franchised Business. If Franchisee fails to meet its Minimum Performance Requirement for three (3) consecutive months, then Franchisor may require Franchisee to attend, at Franchisee’s cost, additional training. If Franchisee fails to meet its Minimum Performance Requirement again for three (3) consecutive months, then such failure shall be deemed to constitute a non-

curable default of this Agreement and Franchisor will provide Franchisee with the opportunity to sell the Franchised Business and transfer this Agreement in accordance with the transfer provisions of this Agreement.

9. **Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Addendum in Franchisor's sole discretion. Franchisee may not transfer its rights under this Addendum without Franchisor's prior written consent.

10. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements.** In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.4 of the Applicable Franchise Agreements. If Franchisee fails to cure such breach(es) within the prescribed time period, Franchisor may, at its option, terminate this Addendum as well as one or more of the Applicable Franchise Agreements immediately upon providing written notice.

11. **Governing Law.** This Addendum shall be governed by and construed in accordance with the laws of the State of Illinois, without reference to this state's conflict of laws principles.

12. **Venue; Forum; Jurisdiction; Dispute Resolution.** Franchisor and Franchisee agree and acknowledge that the venue, forum, jurisdiction, and dispute resolution provisions of the Applicable Franchise Agreements shall also apply to this Addendum.

13. **Ratification of Applicable Franchise Agreements.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein.

14. **Entire Agreement.** The Applicable Franchise Agreements and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

FRANCHISOR

FRANCHISEE

TOOTL FRANCHISING, LLC

[NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit D
to
Tootl Franchising, LLC's
Franchise Disclosure Document

State Specific Addenda

INDIANA ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action or initiate arbitral proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.
2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1(9).
3. Indiana Code section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.
4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.
5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor “is entitled” to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words “may seek”.
6. Indiana Code section 23-2-2.5 and 23-2-2.7 supersedes the choice of law clauses of the Franchise Agreement.
7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.
8. Any reference contained in this Franchise Agreement to a prospective franchisee's “exclusive Franchise Area” shall, in any Franchise Agreement executed in an operative within the State of Indiana, hereby be deleted and replaced with the words “non-exclusive Franchise Area”.
9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

FRANCHISOR

FRANCHISEE

TOOTL FRANCHISING, LLC

[NAME]

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

**WISCONSIN ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF WISCONSIN**

IN THE STATE OF WISCONSIN CHAPTER 135 OF THE WISCONSIN FAIR DEALERSHIP LAW GOVERNS THIS AGREEMENT. YOU MAY WANT TO REVIEW THIS LAW.

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Tootl Franchising, LLC's Wisconsin Franchise Disclosure Document.

Item 17.

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

WISCONSIN ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS AND DEVELOPMENT AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the franchisee. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

TOOTL FRANCHISING, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date Signed: _____

Date Signed: _____

RIDER TO STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND MULTI-UNIT ADDENDUM

FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN (EACH A “REGULATED STATE” AND COLLECTIVELY, THE “REGULATED STATES”)

This Rider to State Addendum to the Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Addendum (“Rider”) is entered into by and between (i) Tootl Franchising, LLC, an Illinois limited liability company (“Franchisor”), and (ii) _____, a (individual/limited liability company/corporation) with an address at _____ (“Franchisee”).

- A. Concurrently with the execution of this Rider, Franchisor and Franchisee are entering into a franchise agreement (the “Franchise Agreement,”) and multi-unit addendum (as applicable) (“Multi-Unit Addendum”), pursuant to which Franchisee will acquire the right and undertake the obligation to own and operate a franchised business (the “Franchised Business”) that may be located in, or subject to the regulations of, one of the Regulated States (the “Applicable Franchise Registration State”).
- B. Franchisor and Franchisee wish to amend the Franchise Agreement and Multi-Unit Addendum (as applicable) as provided in this Rider.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Franchise Agreement and Multi-Unit Addendum (as applicable) is hereby amended as follows:

1. **NASAA SOP Acknowledgment.** Franchisee and Franchisor hereby acknowledge that the Statement of Policy regarding the use of franchise questionnaires and acknowledgments issued by the North American Securities Administrators Association, Inc. (“NASAA”), which went into effect on January 1, 2023, provides that questionnaires and acknowledgments that are used as contractual disclaimers that release or waive a franchisee’s rights under a state franchise law violate the anti-fraud and/or anti-waiver provisions of the statutes of the Regulated States. Accordingly, while the SOP remains in effect, or until such time as the regulations in the Regulated States are modified to adopt the restrictions on the use of acknowledgments and questionnaires as set forth in the SOP, for prospective franchisees that reside in or are looking to operate a Franchised Business in any Regulated State, the Franchise Agreement and Development Agreement (as applicable) will be amended to include the following provision:

“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 and claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

2. Except as provided in this Rider, the Franchise Agreement and Multi-Unit Addendum (as applicable) remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

3. The following sections are hereby removed from the Franchise Agreement: Sections 19.2, 19.3, 19.4, 23.1, 23.2, and 23.3.

FRANCHISOR

TOOTL FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE

[NAME]

By: _____

Name: _____

Title: _____

Date: _____

Exhibit E
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Financial Statements

Tootl Franchising, LLC

Financial Statements

As of December 31, 2022 and for the year then ended

Tootl Franchising, LLC

Financial Statements

As of December 31, 2022 and for the year then ended

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Independent Auditor's Report

To the Members
Tootl Franchising, LLC
Northbrook, Illinois

Report on the Financial Statements

Opinion

We have audited the financial statements of Tootl Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in members' deficit and cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Tootl Franchising, LLC's ability to continue as a going concern within one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

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

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

A+G LLP

Dallas, Texas
March 21, 2023

Balance Sheet

As of December 31,

2022

Assets

Current assets:

Cash and cash equivalents	\$	905
Prepaid expenses		2,287
Total current assets		<u>3,192</u>

Total assets

\$ 3,192

Liabilities and Members' Deficit

Current liabilities:

Due to members	\$	35,106
Total current liabilities		<u>35,106</u>

Members' deficit

(31,914)

Total liabilities and members' deficit

\$ 3,192

Statement of Operations

For the year ended December 31,

2022

Revenues:	\$	-
General and administrative expenses:		
Advertising and marketing		6,097
Professional fees		4,809
Other general and administrative expenses		195
Total general and administrative expenses		<u>11,101</u>
Net loss	\$	(11,101)

Statement of Changes in Members' Deficit

Balance at December 31, 2021	\$	(31,856)
Net loss		(11,101)
Contributions from members		11,043
Balance at December 31, 2022	\$	(31,914)

Statement of Cash Flows

For the year ended December 31,

2022**Operating Activities**

Net loss	\$	(11,101)
Changes in operating assets and liabilities:		
Prepaid expenses		(2,287)
Due to members		3,250
Net cash used by operating activities		<u>(10,138)</u>

Investing Activities

Net cash provided by investing activities	-
---	---

Financing Activities

Contributions from members	<u>11,043</u>
Net cash provided by financing activities	11,043

Net increase in cash and cash equivalents	905
---	-----

Cash and cash equivalents, beginning of period	-
--	---

Cash and cash equivalents, end of period	<u>\$ 905</u>
--	---------------

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Organization and Operations

Description of Business

Tootl Franchising, LLC is a limited liability company organized under the laws of the State of Illinois on November 24, 2020. References in these financial statement footnotes to “Company”, “we”, “us”, and “our” refer to the business of Tootl Franchising, LLC.

The Company was formed for the purpose of granting franchisees for the establishment of businesses that offer transportation to senior and other individuals with disabilities, mobility and cognitive challenges who use a wheelchair, scooter, or mobility device (“Tootl Business”). The company operates under the Tootl Transport trade name.

During the year ended December 31, 2022, 0 franchised outlets were opened and 0 franchised outlets were closed. During the year ended December 31, 2022, 0 affiliate-owned outlets were opened and 0 affiliate-owned outlets were closed. As of December 31, 2022, there were 0 franchised outlets, and 2 affiliate-owned outlets in operation.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the start-up phase of its business plan and has sustained losses from operations for the period from inception to December 31, 2022 and is projecting continued losses from operations and net cash outflows from operating activities for the period ending December 31, 2023 and is dependent on additional funding from its members and affiliates. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s members and affiliates have committed to providing the necessary funding to ensure the Company has sufficient liquidity to satisfy its obligations for at least twelve months following the issuance of the financial statements.

After considering the financial wherewithal of its members and affiliates to provide financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements, management concluded that substantial doubt about the Company’s ability to continue as a going concern has been alleviated. Accordingly, these financial statements do not include any adjustments that would be required were the Company not be able to continue as a going concern.

COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption. The full impact of the pandemic will continue to depend on future developments, including the continued spread and duration of the pandemic, the emergence of future variant strains of COVID-19, the availability and distribution of effective medical treatments or vaccines as well as any related federal, state or local governmental orders or restrictions. Accordingly, the Company cannot reasonably determine the ultimate impact the COVID-19 pandemic will have on its future results of operations due to the continuing uncertainty surrounding the pandemic’s magnitude and duration.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Significant Accounting Policies

Basis of Accounting and Presentation

The Company uses the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States ("GAAP"). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of Estimates

The preparation of the financial statements and accompanying notes conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The fair value hierarchy has three levels, which are based on reliable available inputs of observable data, and requires the use of observable market data when available.

Assets and liabilities that are carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Revenue Recognition

The Company will recognize revenue in accordance with FASB ASC 606-10-25, Revenue from Contracts with Customers. In January 2021, the FASB issued ASU 2021-02, "Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient." ASU 2021-02 provides a practical expedient that simplifies the application of ASC 606 about identifying performance obligations and permits franchisors that are not public entities to account for pre-opening services listed within the guidance as distinct from the franchise license. The Company has adopted ASU 2021-02 and implemented the guidance on its revenue recognition policy.

The Company sells individual franchises. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee prior to opening the respective location(s), continuing royalty and other fees on a monthly basis based upon a percentage of franchisees gross sales. A franchise agreement establishes a Tootl Business developed in one or multiple defined geographic area and provides for a 10-year initial term with the option to renew for another 10-year term. Subject to the Company's approval, a franchisee may generally renew the franchise agreement upon its expiration. If approved, a franchisee may transfer a franchise to a new or existing franchisee. The new franchisee will then sign a new franchise agreement and is required to pay for a transfer fee.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Significant Accounting Policies (continued)**Revenue Recognition (continued)**

Under the terms of our franchise agreements, the Company typically promises to provide franchise rights, pre-opening services such as training, and ongoing services. The Company considers certain pre-opening activities and the franchise rights and related ongoing services to represent two separate performance obligations. The franchise fee revenue will be allocated to the two separate performance obligations using a residual approach. The Company has estimated the value of performance obligations related to certain pre-opening activities deemed to be distinct based on cost plus an applicable margin, and assigned the remaining amount of the initial franchise fee to the franchise rights and ongoing services. Revenue allocated to preopening activities will be recognized when (or as) these services are performed, no later than opening date. Revenue allocated to franchise rights and ongoing services will be recognized on a straight line basis over the contractual term of the franchise agreement as this ensures that revenue recognition aligns with the customer's access to the franchise right. Renewal fees will be recognized over the renewal term of the respective franchise from the start of the renewal period. Transfer fees will be recognized over the contractual term of the transfer agreement.

Royalty revenue from Tootl Businesses will be based on 6% of the franchisees' gross sales. Royalty revenue will be recognized during the respective franchise agreement as earned each period as the underlying franchised business sales occur.

The Company will maintain a brand fund to promote general brand recognition of the franchise system and services. Funds will be collected from franchisees based on an agreed-upon percentage of franchisee's monthly gross sales and used to pay costs of, or associated with, marketing, advertising, digital marketing, contact tracing, promotions, brand building, commercial business development, retail growth strategies including merchandising, the look and feel of displays, merchandise, public relations and costs to administer the advertising fund. Although brand fund revenue are not separate performance obligations distinct from the underlying franchise right, the Company acts as the principal as it is primarily responsible for the fulfillment and control of the marketing services. As a result, the Company will record brand fund contributions in revenue and related brand fund expenditures in expenses in the statements of Operations. Brand fund revenue will be contributed by franchisees based on 2% of franchisees' gross sales and is recognized as earned.

Technology fee revenue will be charged at \$250 monthly and will be recognized as earned.

Advertising Costs

All costs associated with advertising and marketing are expensed in the period incurred.

Income Taxes Status

The Company is taxed as a Partnership for federal income tax purposes. Consequently, federal income taxes are not provided for or payable by the Company. The Company's net income or loss is allocated to the members who are taxed individually on their share of each Company's earnings. The Company recognizes income tax related interest and penalties in interest expense and other general and administrative expenses, respectively.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", and subsequent amendments to the initial guidance, ASU 2019-10. This accounting standard changes the methodology for measuring credit losses on financial instruments, including trade accounts receivable, and the timing of when such losses are recorded. ASU No. 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2022. The Company is currently evaluating the impact of adopting ASU No. 2016-13 on its financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

3. Income Taxes

The Company is taxed as a Partnership under the provisions of Subchapter K of the Internal Revenue Code, accordingly, no federal income tax provision or liability is reflected in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, and the state in which it operates. The Company is subject to routine audits by taxing; however, there are currently no audits for any tax periods in progress. The Company believes it is subject to income tax examinations for all periods from inception.

In accordance with FASB ASC 740-10, *Income Taxes*, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022.

4. Related Party Transactions

The Company's members frequently advance funds and pay expenses on behalf of the Company for payment of general and administrative expenses.

At December 31, 2022, the Company had an amount due to members in the amount of \$35,106. This amount is unsecured, bears no interest and is due upon demand.

5. Commitments and Contingencies

Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management, based on consultation with counsel, that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

6. Subsequent Events

In February 2023, the Company's members contributed an additional funding in the amount of \$125,000 to provide the financial support to the Company to ensure the continued financial viability of the Company for at least twelve months following the issuance of the financial statements.

The Company has evaluated subsequent events through March 21, 2023, the date the financial statements were available to be issued.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Tootl Franchising, LLC

Financial Statements

As of February 28, 2023

and for the two months then ended

Tootl Franchising, LLC

Financial Statements

As of February 28, 2023
and for the two months then ended

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Suite 200
Richardson, TX 75080
Phone 972 238 5900
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www.agllp-cpa.com

Independent Accountant's Compilation Report

To the Members
Tootl Franchising, LLC
Northbrook, Illinois

Management is responsible for the accompanying financial statements of Tootl Franchising, LLC, which comprise the balance sheet as of February 28, 2023 and the related statement of operations and statement of changes in members' equity (deficit) for the two months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and equity. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A+G LLP

A&G LLP
Dallas, Texas
March 22, 2023

Balance Sheet

As of February 28,

2023

Assets

Current assets:

Cash and cash equivalents	\$	126,000
Prepaid expenses		2,287
Total current assets		128,287

Total assets \$ 128,287

Liabilities and Members' Equity

Current liabilities:

Due to members	\$	35,106
Total current liabilities		35,106

Members' equity 93,181

Total liabilities and members' equity \$ 128,287

Statement of Operations

For the two months ending February 28,

2023

Revenues:	\$	-
General and administrative expenses:		
Professional fees		60
Other general and administrative expenses		721
Total general and administrative expenses		<u>781</u>
Net loss	\$	(781)

Statement of Changes in Members' Equity (Deficit)

Balance at December 31, 2022	\$	(31,914)
Net loss		(781)
Contributions from members		125,876
Balance at February 28, 2023	\$	93,181

Exhibit F
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Sample Termination and Release Agreement

**SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the “Agreement”) is made on _____ (the “Effective Date”), by and between Tootl Franchising, LLC, an Illinois limited liability company, with its principal place of business at 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062 (“Franchisor”) and _____, a _____ with its principal place of business at _____ (“Transferor”).

BACKGROUND

A. On _____, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate a Tootl Business (“Tootl Business”) under Franchisor’s proprietary marks and system (the “System”).

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties’ rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement).

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of Illinois, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Illinois and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Illinois pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISOR

TOOTL FRANCHISING, LLC

By: _____

Name: _____

Title: _____

Date: _____

TRANSFEROR

[NAME]

By: _____

Name: _____

Title: _____

Date: _____

Exhibit G
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Operations Manual Table of Contents



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Exhibit H
to
Tootl Franchising, LLC's
Franchise Disclosure Document

List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2022:

None.

LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT YET OPEN AS OF DECEMBER 31, 2022:

None.

LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM IN OUR PAST FISCAL YEAR:

None

Exhibit I
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Franchisee Questionnaire

FRANCHISEE QUESTIONNAIRE

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE IS NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Tootl Franchising, LLC (“Tootl,” “we.” Or “us”) and you are preparing to enter into a Franchise Agreement and Multi-Unit Addendum (as applicable) for the operation of a Tootl Transport franchise (a “Tootl Business”). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that Tootl has not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and Multi-Unit Addendum (as applicable) and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes_____ No _____ 1. Have you received and personally reviewed the Franchise Agreement and Multi-Unit Addendum (as applicable), as well as each exhibit or schedule attached to the agreements you intend to enter into with us?
- Yes_____ No _____ 2. Have you received and personally reviewed the Franchise Disclosure Document Tootl provided?
- Yes_____ No _____ 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
- Yes_____ No _____ 4. Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement and Multi-Unit Addendum (as applicable) you intend to enter into with us?
- Yes_____ No _____ 5. Have you reviewed the Franchise Disclosure Document, Franchise Agreement and Multi-Unit Addendum (as applicable) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Tootl Business with these professional advisor(s)?
- Yes_____ No _____ 6. Do you understand the success or failure of your Tootl Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?
- Yes_____ No _____ 7. Do you understand that you must devote your personal full-time attention and best efforts to the management and operation of your Tootl Business and will not own, maintain,

engage in, be employed by or have any interest in any other business other than the Tootl Business?

- Yes_____ No _____ 8. Do you understand Tootl has only granted you certain exclusive territorial rights under the Franchise Agreement and Multi-Unit Addendum (as applicable) and that Tootl has reserved certain rights under the Franchise Agreement and/or Multi-Unit Addendum (as applicable)?
- Yes_____ No _____ 9. Do you understand Tootl and its affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Tootl Transport mark or other mark, at any location outside your Designated Territory, without regard to the proximity of these activities to the premises of your Tootl Business?
- Yes_____ No _____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in Cook County, Illinois?
- Yes_____ No _____ 11. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?
- Yes_____ No _____ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Tootl Franchising, LLC?
- Yes_____ No _____ 13. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before Tootl will allow the Tootl Business to open or consent to a transfer of that Tootl Business?
- Yes_____ No _____ 14. Do you understand that Tootl requires you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, Tootl may terminate your Franchise Agreement?
- Yes_____ No _____ 15. Do you understand Tootl does not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes_____ No _____ 16. Do you understand that Tootl will send written notices, as required by your Franchise Agreement, to either your Tootl Business or home address until you designate a different address by sending written notice to us?
- Yes_____ No _____ 17. Do you understand that Tootl will not approve your purchase of a Tootl Transport franchise, or Tootl may immediately terminate your Franchise Agreement and/or Multi-Unit Addendum (as applicable), if Tootl is prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes_____ No _____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Tootl Business that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- Yes_____ No _____ 19. Is it true that no broker, employee or other person speaking on our behalf made any

statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Tootl Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ____ No ____ 20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Multi-Unit Addendum (as applicable) concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ____ No ____ 21. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Tootl Business purchase with exception of those payments or loans provided in the Franchise Disclosure Document?

Yes ____ No ____ 22. Did you receive the Franchise Disclosure Document at least 14 days before you completed and signed this Questionnaire?

Yes ____ No ____ 23. Did you receive the Franchise Agreement at least 7 days before you completed and signed this Questionnaire?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT TOOTL WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: _____, 20_____

Dated: _____, 20_____

Exhibit J
to
Tootl Franchising, LLC's
Franchise Disclosure Document

State Effective Dates

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

State	Effective Date
California	Not Registered
Florida	Pending Registration
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Pending Registration
Kentucky	Pending Registration
Maryland	Not Registered
Michigan	Pending Registration
Minnesota	Not Registered
Nebraska	Pending Registration
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Texas	Pending Registration
Utah	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Pending Registration

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

Exhibit K
to
Tootl Franchising, LLC's
Franchise Disclosure Document

Receipts

RECEIPTS (OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Tootl Franchising, LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that Tootl gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that Tootl gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Tootl Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issuance date of April 6, 2023.

I have received a Franchise Disclosure Document with an issuance date of April 6, 2023, which included the following Exhibits:

- | | |
|--|---|
| A – List of State Administrators and Agents for Service of Process | G – Operations Manual Table of Contents |
| B – Franchise Agreement | H – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year |
| C – Multi-Unit Addendum | I – Franchisee Questionnaire |
| D – State Specific Addenda | J – State Effective Dates |
| E – Financial Statements | K – Receipt |
| F – Sample Termination and Release Agreement | |

The franchise seller(s) for this offering is/are as follows:

Jeff Matthews, 22624 N. 31st Street, Phoenix, AZ 85050, (254) 366-7375

Brad Fishman, Steven Greenbaum, Tom Dacy, and Michelle Dacy, Tootl Franchising, LLC, 3400 Dundee Road, Suite 300, Northbrook, Illinois 60062, 800-608-1008

If an Individual:

If a Business Entity:

By: _____

Name: _____

Name: _____

Title: _____

Date: _____

Name of Entity: _____

Telephone Number: _____ Address: _____

RECEIPTS (YOUR COPY)

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