

## FRANCHISE DISCLOSURE DOCUMENT



**The Dog Stop Franchising, LLC**  
a Pennsylvania limited liability company  
1632 William Flinn Highway  
Glenshaw, PA 15116  
Phone: 1-888-635-3935  
Fax: 1-855-635-3935  
Email: [franchise@thedogstop.net](mailto:franchise@thedogstop.net)  
[www.thedogstop.net](http://www.thedogstop.net)

The Dog Stop businesses operate all-inclusive indoor/outdoor dog care facilities offering daycare, boarding, grooming, obedience training, in-home services, dog walking, and retail products (“TDS Business(es)”).

The total investment necessary to begin operation of a franchised TDS Business is between \$543,000 and \$1,010,100. This includes between \$50,000 and \$52,800 that must be paid to the franchisor or its affiliate(s).

The Dog Stop area developers acquire the right to develop multiple franchised TDS Businesses in a designated development area. The total investment necessary to begin operation of a The Dog Stop area developer business will depend on the number of TDS Businesses to be opened. The total investment necessary to begin operation of a The Dog Stop area developer business operating two to five TDS Businesses is between \$583,000 and \$1,141,100. This includes between \$90,000 and \$181,300 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jesse Coslov at 1632 William Flinn Highway, Glenshaw, PA 15116 and 1-855-635-3935, ext. 700.

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

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

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

**Issuance Date: April 28, 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
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only TDS business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a TDS franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.



## What You Need To Know About Franchising *Generally*

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

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

**Supplier 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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania 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 and area development 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. **Supplier Control**. You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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



**NOTICE REQUIRED BY  
STATE OF MICHIGAN**

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms 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 five 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 six 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 or 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 there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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



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**EXHIBITS:**

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Area Development Agreement
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Franchise Operations Manual Table of Contents
- Exhibit H Contracts for use with The Dog Stop Franchise
- Exhibit I Franchise Disclosure Questionnaire
- Exhibit J State Effective Dates
- Exhibit K Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE-SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE-SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT E.



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

To simplify the language in this Franchise Disclosure Document, “TDS Franchising,” “we,” “us,” and “our” means The Dog Stop Franchising, LLC, the franchisor. “You,” “your,” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from TDS Franchising.

The Franchisor

We are a Pennsylvania limited liability company formed on December 7, 2012. We do business under our corporate name and the trade name The Dog Stop. Our principal business address is 1632 William Flinn Highway, Glenshaw, PA 15116. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document. We offer franchises (“TDS Franchises” or “Franchises”) for TDS Businesses and have done so since February 2013. In the past, we have also offered area representative franchises beginning in April 2017. We are not offering area representative franchises in 2020. An area representative (“Area Representative”) helps us grow our franchise system by soliciting, screening, recruiting, developing, servicing and supporting third party franchisees in their development territory. As of the Issuance Date of this Franchise Disclosure Document, we have one remaining Area Representative in our system. Area Representatives do not have management responsibility relating to the offer and sale of franchises. The Area Representative franchise opportunity was offered under a separate Franchise Disclosure Document. If you purchase a franchise within an Area Representative’s territory, the Area Representative may provide you with certain initial and ongoing support. We have not offered franchises in any other business.

Our agent for service of process in Pennsylvania is Jesse Coslov, 1632 William Flinn Highway, Glenshaw, PA 15116. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Our Parents, Predecessors and Affiliates

We do not have a parent or predecessor. We do not have any affiliates that provide products or services to franchisees. We have four affiliates that operate TDS Businesses: The Dog Stop LLC, The Dog Stop South LLC, The Dog Stop Strip LLC, and TDS Boardman, LLC. The principal business address for The Dog Stop, LLC is 1140 Washington Blvd., Pittsburgh, Pennsylvania 15206. The principal business address for The Dog Stop South LLC is 1789 West Liberty Avenue, Pittsburgh, Pennsylvania 15226. The principal business address for The Dog Stop Strip LLC is 2530 Smallman Street, Pittsburgh, PA 15222. The principal business address for TDS Boardman, LLC is 7690 Market Street, Boardman, Ohio, 44512. We also have an affiliate that operates a dog training business.

The Franchise

The Dog Stop franchisees operate businesses providing pet care facilities offering dog daycare, training, grooming, boarding services, dog walking and in-home services. TDS Businesses also offer premium dog food, dog treats and dog related accessories for sale. TDS Businesses operate under our system (“System”) using The Dog Stop trademarks, service marks, trade names and logos (the “Marks”)





from an approved retail location. TDS Businesses operate out of a retail storefront usually between 5,000 and 12,000 square feet (a “Stop”).

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one TDS Business for each Franchise Agreement you sign.

We also offer to select qualified persons (“Area Developers”) the opportunity to sign our area development agreement attached to this Franchise Disclosure Document as Exhibit D (“Area Development Agreement”) and acquire the right to develop multiple TDS Businesses in a designated development area (“Development Territory”) in accordance with a specified development schedule (“Development Schedule”). The Development Territory will be established based on the consumer demographics of the Development Territory, geographical area, city, county and other boundaries. If you enter into an Area Development Agreement, you must sign a Franchise Agreement for your first TDS Business (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. Area Developers must open a minimum of two TDS Businesses and may open up five TDS Businesses. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes you both as an Area Developer under an Area Development Agreement and as a franchisee under a Franchise Agreement.

The Franchise Agreement for the first TDS Business to be developed under the Area Development Agreement will be in the form attached as Exhibit C to this Franchise Disclosure Document and must be signed at the same time you sign the Area Development Agreement. For each additional TDS Business developed under the Area Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, which may differ from the current one included with this Franchise Disclosure Document, except the royalty you pay will be the same as the first Franchise Agreement.

### The Market and Competition

The market for the products and services provided by a TDS Business is the general public, namely dog owners. This industry is competitive and well developed. You will compete directly with other businesses that sell and offer dog day care, training and overnight boarding services, as well as local and national dog day care, training and overnight boarding services, some of which may be owned by our affiliates or franchised by other franchisors. You will also compete with retail pet supply stores, groomers, dog trainers, dog walkers, and pet sitters. The goods and services offered by TDS Businesses are not seasonal.

### Industry-Specific Regulations

In most states, you will have to obtain and maintain a license to do business. Some may require a specialty license so you may provide pet care, pet sitting or dog walking services. Although qualifications for these licenses vary from state to state, you may have to pass a knowledge test and background test and obtain insurance and a bond.

You must comply with federal, state, and local laws dealing with zoning, kennel and pet sitting licensing laws, noise ordinances, bonding requirements, sanitation and the disposal of hazardous materials due to the presence of pets. You may need to obtain a zoning variance or similar entitlement when you obtain a site for your TDS Business. You must comply with all local, state, and federal laws and regulations that apply to any business, including laws and regulations that may apply to animal care, pet food products, and if you offer any delivery services, also to motor vehicles. There may be other laws applicable to the



TDS Business and we urge you to make further inquiries about these laws. The nature and amount of regulation could change rapidly relating to this business. You should consult a lawyer with experience dealing with pet care, pet sitting, pet grooming and dog walking issues to be sure you are familiar with the current statutes and regulations that might apply within your territory.

## **ITEM 2**

### **BUSINESS EXPERIENCE**

#### **Owner and Chief Executive Officer: Jesse Coslov**

Mr. Coslov is our founder and has been an owner and our Chief Executive Officer since our formation in December 2012 in Pittsburgh, Pennsylvania. Mr. Coslov became an owner of TDS Boardman, LLC in Pittsburgh, Pennsylvania in November 2019. Mr. Coslov became an owner of The Dog Stop, Strip, LLC, in Pittsburgh, Pennsylvania upon its formation in April 2013. Mr. Coslov became an owner of The Dog Stop South, LLC in Pittsburgh, Pennsylvania upon its formation in July 2011. Mr. Coslov became an owner of The Dog Stop, LLC in Pittsburgh, Pennsylvania in May 2009.

#### **Director of Franchise Development: Brandon Neilson**

Mr. Neilson has been our Director of Franchise Development since April 2021. From November of 2018 to March of 2021 he was with Regis Corporation in Minneapolis, MN as Director of Franchise Development. From January 2014 to October 2018, Mr. Neilson was the owner of White Mark Development in Meridian, ID, a franchise development and sales company.

#### **Vice President of Operations: Jessica Will**

Ms. Will has been our Vice President of Operations since October 2022. From January 2021 to October 2022, she was the Vice President, within the ShipBob Fulfillment Network, for ShipBob, Inc. located in Pittsburgh, PA. Prior to that, Ms. Will was the Divisional Franchise Director for General Nutrition Centers, Inc. from April 2019 to January 2021, located in Pittsburgh, PA. Prior to that, Ms. Will also served as the Director of Franchising for General Nutrition Centers, Inc. from November 2016 to April 2019, located in Pittsburgh, PA.

#### **Director of Customer Service and Training: Corey Criss**

Ms. Criss has been our Director of Customer Service and Training since August 2014 in Pittsburgh, Pennsylvania. Ms. Criss also serves as regional manager for TDS Businesses owned by our affiliates in Pittsburgh, Pennsylvania and has been so since January 2015.

#### **Director of Canine Training: Brett Reynolds**

Mr. Reynolds has been our Director of Canine Training since November 2015 in Pittsburgh, Pennsylvania.

#### **Field Operations Manager: Joie Tarnik**

Mrs. Tarnik has been our Field Operations Manager in Pittsburgh, Pennsylvania since August 2018. From July 2015 to July 2018, Mrs. Tarnik was the general manager of The Dog Stop Strip, LLC in Pittsburgh, Pennsylvania.



Field Operations Manager: Jane Marcus

Ms. Marcus has been our Field Operations Manager in Pittsburgh, Pennsylvania since November 2017.

Creative Director: Jack Marshall

Mr. Marshall has been our Creative Director since August 2020 in Pittsburgh, Pennsylvania. He previously served as our Marketing Coordinator from May 2017 to July 2020 in Pittsburgh, Pennsylvania.

Marketing Manager: Jill Cassidy

Ms. Cassidy has been our Marketing Manager since August 2020 in Pittsburgh, Pennsylvania. From October 2017 to July 2020, Ms. Cassidy served as a Social Media and Event Coordinator at Turn It Up Dance Challenge, Inc. in Weymouth, Massachusetts.

Board Member and Shareholder: David Hardy

Mr. Hardy became a shareholder of and joined the Board of The Dog Stop Franchising, LLC and The Dog Stop Holdings, LLC in April 2021. Concurrently, Mr. Hardy has served as one of Ultimate Fitness Group, LLC (“UFG”) Managers since February 2016 and one of Ultimate Fitness Holdings, LLC’s (“UFH”) Managers since February 2016. Both UFG and UFH are based in Boca Raton, FL. From 2008 to 2018, he was the CEO of World Health Edmonton, Inc., in Edmonton, Canada. Since November 2011, he has been an owner and director of OTF Canada, Inc. in Edmonton, Canada which serves as Master Franchisee for Orangetheory Fitness in Canada. Since March 1996, he has been the President of Franvest Capital Partners in Edmonton, Alberta.

Board Member and Shareholder: Christopher Kane

Mr. Kane became a shareholder of and joined the Board of The Dog Stop Franchising, LLC and The Dog Stop Holdings, LLC in November 2022. Prior to this, Mr. Kane was one of our owners and our Chief Financial Officer from December 2012 to November 2022 in Pittsburgh, Pennsylvania. Mr. Kane became an owner of TDS Boardman, LLC in Pittsburgh, Pennsylvania in November 2019. Mr. Kane became an owner of The Dog Stop, Strip, LLC in Pittsburgh, Pennsylvania upon its formation in April 2013. Mr. Kane became an owner of The Dog Stop South, LLC in Pittsburgh, Pennsylvania upon its formation in July 2011. Mr. Kane became an owner of The Dog Stop, LLC in Pittsburgh, Pennsylvania in May 2009.

Board Member: Matt Walsh

Mr. Walsh joined the Board of the The Dog Stop Franchising, LLC and The Dog Stop Holdings, LLC in April 2021. Mr. Walsh has also been a Senior Associate with Franvest Capital Partners, Inc. in Edmonton, Canada since August 2015.

Board Member: Nick Coslov

Mr. Coslov joined the board of the The Dog Stop Franchising, LLC and The Dog Stop Holdings, LLC in April 2021. Since August 2002, Mr. Coslov has also been a Partner and the Chief Executive Officer for Storage Deluxe in New York, NY. Mr. Coslov has also served as the cofounder and Principal of Deluxe



Car Storage in New Hyde Park, NY since December 2012. Mr. Coslov founded UOVO in April 2011 in New York, NY and continues to serve on UOVO's board of directors.

Area Representative (Louisiana): Trey Boone

Mr. Boone has been Managing Member of Southern Canine Development Group LLC, an Area Representative located in Lafayette, Louisiana, since October 2016. Since March 2015, Mr. Boone has also been the owner of Dog Services of Louisiana LLC, a The Dog Stop franchisee in Lafayette, Louisiana. Mr. Boone also has served as a Project Developer for J. Boone Development in Youngsville, Louisiana since January 2014.

**ITEM 3**  
**LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

Initial Franchise Fee

The "Initial Franchise Fee" for a single TDS Business is \$49,500. Each Franchise Agreement will grant you the right to operate one TDS Business. The Initial Franchise Fee is payment for all of our pre-opening assistance that we provide to allow you to open your TDS Business and also offsets some of our franchisee recruitment expenses. The Initial Franchise Fee is uniform, payable when you sign your Franchise Agreement and is nonrefundable.

We offer a veteran initiative program. Under this program, honorably discharged veterans of the United States armed forces and their spouses receive a 15% discount on the Initial Franchise Fee for the first TDS Business.

**The Illinois Attorney General's Office has imposed a bond requirement due to Franchisor's financial condition. This bond is on file with the Attorney General's Office.**

Location Evaluation

If we deem it necessary, we will travel to make one location evaluation for your Stop. You will not be required to pay any fees for the initial location evaluation. If you or we determine that you need additional evaluations, you will be required to pay us \$300 per evaluation plus our travel expenses. This fee is due prior to the additional evaluation, is uniform and nonrefundable.

Technology Fee

You will be required to pay us a technology fee of \$500 per month at the earlier of the opening of your TDS Business or three months after you sign the Franchise Agreement. This fee covers certain technologies such as the point of sale software, accounting software, internal communications tools and



email hosting. We estimate that the time from when the Franchise Agreement is signed to the opening of the TDS Business will be approximately nine months. Your total time frame may be shorter or longer. We estimate that you will pay technology fees from \$500 to \$3,000 (depending on when you begin operations) prior to the opening of your TDS Business. Item 6 has more information on this fee. This fee is uniform and nonrefundable.

Development Fee

Franchisees may also purchase the rights to open additional TDS Businesses by signing our Area Development Agreement and paying a development fee (“Development Fee”). The Development Fee is in lieu of the Initial Franchise Fees.

We calculate the Development Fee uniformly for all franchisees, but the total amount of the Development Fee will vary depending on the number of TDS Businesses to be developed under the Area Development Agreement. The Development Fee is deemed fully earned by us once paid and is nonrefundable. The Development Fee is as follows:

Number of TDS Businesses to be Developed	Development Fee
2	\$89,500
3	\$119,500
4	\$149,000
5	\$178,000

To open additional TDS Businesses under an Area Development Agreement, you will be required to sign the then-current The Dog Stop franchise agreement, but you will not be required to pay an Initial Franchise Fee (all other fees will apply). The Development Fee is uniform, payable when you sign your Area Development Agreement and is nonrefundable under any circumstances, even if you fail to open any TDS Businesses.

If you want to purchase more than 5 units under the Area Development Agreement, the initial franchise fee for each additional unit will be \$35,600.

Financial Assurances

Some states have imposed financial assurance requirements on the franchisor. Please refer to the Addendum in Exhibit F to the Franchise Disclosure Document.



**ITEM 6  
OTHER FEES**

Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Royalty <sup>(2)</sup>	6% of Gross Sales	Due on Monday of each week	The “ <u>Royalty</u> ” is based on “ <u>Gross Sales</u> ” during the previous week. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Development Fund Contribution	2% of Gross Sales	Payable at the same time and in the same manner as the Royalty	This (“ <u>Brand Fund Contribution</u> ”) will be used for a system-wide “ <u>Brand Development Fund</u> ” for our use in promoting and building The Dog Stop brand.
Local Advertising Payment	5% of Gross Sales in your first year of operations;  3% of Gross Sales in your second year of operations, and each following year.	Payable after receipt of invoice	If you fail to meet your required local advertising requirement on local advertising, you must pay us the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Development Fund.
Local and Regional Advertising Cooperatives <sup>(3)</sup>	Established by cooperative members	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. Any amounts that you contribute to a cooperative will count towards your local advertising requirement. Item 11 contains more information about advertising cooperatives.
Transfer Fee	\$10,000	\$1,000 nonrefundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your TDS Business, a transfer of ownership of your legal entity, or a transfer of the Franchise Agreement.
Renewal Fee	\$5,000	At the time you sign the new franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement.



Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Initial Training Program – Additional Trainees	Our then-current training fee per person, per day, plus expenses for the trainee (currently \$300)	As incurred	One initial training course for up to three people is included in the Initial Franchise Fee. If we are required to re-train anyone or to provide the initial training program to any additional people, you must pay our training fee. You will also incur the trainees' expenses, including travel, lodging, meals and wages. Your trainees must attend a regularly scheduled training class.
Additional Training	Our then-current per diem fee per trainer we send to you, plus expenses (currently \$250)	15 days after billing	If you request additional training on-site, or if we determine that you would benefit from additional on-site training, you must pay us a fee and reimburse our costs for providing the on-site training, including travel, lodging and meals.
Audit	Cost of audit, but not less than \$500, plus interest equal to the lesser of 1.5% per month or the highest rate allowed by law and our expenses	15 days after billing	If an audit reveals a deficiency, you must pay the amount owed plus interest. If the audit reveals an understatement of Gross Sales by 2% or more, you must pay the amount owed plus applicable late fees with interest, and you must reimburse us for the cost of the audit, and our expenses including travel, lodging, wage expenses and reasonable accounting and legal costs.
Late Payment Fee	\$100 per occurrence, plus interest at the lesser of 1.5% per month or the highest interest rate permitted by law	As incurred	Payable if any payment due to us or our affiliates is not made by the due date. Interest accrues from the original due date until payment is received in full.
Professional Fees and Expenses	Will vary under circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your business' operations.
Product Testing and Supplier Evaluation	Actual cost of testing, if any	Upon demand	If you request that we evaluate a potential product, supplier or professional that is not on our list of approved suppliers for our System.



Name of Fee <sup>(1)</sup>	Amount	Due Date	Remarks
Insurance	Reimbursement of our costs plus a \$500 administrative fee	On demand	We may (but are not required to) obtain insurance coverage for your TDS Business if you do not do so.
Management Fee	\$250 per day, plus expenses	If incurred	We are permitted to step in and operate your TDS Business in certain circumstances, such as default, death, disability or prolonged absence. If we do this, you must pay us a management fee and reimburse our representative's expenses.
Non-compliance Fee	\$100 for the first non-compliance for which we give you written notice; \$250 for the second; \$500 for the third and subsequent.	If incurred	Payable upon your failure to comply with our System standards and requirements. This fee is in addition to all other remedies that we have under the Franchise Agreement.
Technology Fee <sup>(4)</sup>	Currently, \$500 per month	Due on the first day of each month	This fee covers the costs associated with the website hosting, point of sale software, accounting software, internal communications tools, email hosting and other technologies that are utilized in the operation of your TDS Business. We reserve the right to increase this fee in the event we offer updated or additional software or technology for use in the TDS Business. We reserve the right to upgrade, modify and add new technologies and software. You will be responsible for any increase in fees that result from any upgrades, modifications or additional software or from increases from third party vendors.
Broker Fee	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your TDS Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the EFT authorization (in the form attached to this Franchise Disclosure Document in [Exhibit H](#)). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Development Agreement to operate multiple TDS Businesses, the fees indicated in the chart above are the fees charged and/or incurred for each TDS Business. All fees are current as of the Issuance Date of this Franchise





Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. “Gross Sales” means the revenues you receive from the sale of all goods, products and services sold at, from, or through your TDS Business and all other income, revenue and consideration of every kind and nature related to the TDS Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes you collect from customers and then paid directly to the appropriate taxing authority; and (b) any bona fide refunds you make to customers.
  
3. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We anticipate that each TDS franchisee and each TDS Business that we own will have one vote for each TDS Business operated in the designated market. Each TDS Business we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees and will have one vote for each subject being voted on, including fee amounts to be paid by cooperative members. If our outlets have controlling voting power, there is no minimum or maximum on fees that could be imposed. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document.
  
4. Technology Fee. We will provide you with certain technical services in exchange for your monthly technology fee, which may change from time to time based on changes to the technical services we provide and/or our costs to provide these services. The current technology fee is \$500 per month. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create proprietary software or technology that must be used by TDS franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in changes to the technology fee. Currently, we require that you utilize software provided by third party suppliers, which is included as a portion of your Technology Fee.

**ITEM 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Single Unit

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee <sup>(1)</sup>	\$49,500	\$49,500	Lump Sum	When Franchise Agreement is Signed	Us
Location Evaluation <sup>(2)</sup>	\$0	\$300	As Arranged	As Arranged	Us



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Lease Payments <sup>(3)</sup>	\$9,000	\$34,500	As Arranged	As Arranged	Landlord
Leasehold Improvements <sup>(4)</sup>	\$275,000	\$475,000	As Arranged	As Arranged	Approved Contractor
Blueprints/Design Documents	\$5,000	\$35,000	As Arranged	As Arranged	Architect/Design Professional
Furnishings, Fixtures and Equipment <sup>(5)</sup>	\$145,000	\$252,300	As Arranged	As Arranged	Designated Suppliers
Signage <sup>(6)</sup>	\$2,500	\$25,000	As Arranged	As Arranged	Suppliers
Initial Inventory <sup>(7)</sup>	\$8,550	\$20,000	As Arranged	As Arranged	Suppliers
Utility and Security Deposits <sup>(8)</sup>	\$3,500	\$15,000	As Arranged	As Arranged	Landlord, Utility Companies
Insurance – Annual Premium <sup>(9)</sup>	\$1,500	\$5,500	As Arranged	As Arranged	Insurance Providers
Grand Opening Advertising <sup>(10)</sup>	\$15,000	\$20,000	As Arranged	As Arranged	Suppliers
Travel and Living Expenses While Training <sup>(11)</sup>	\$2,500	\$5,000	As Arranged	As Arranged	Airlines, Hotels, Restaurants
Point-of-Sale and Computer System <sup>(12)</sup>	\$1,000	\$2,500	As Arranged	As Arranged	Suppliers
Technology Fees	\$500	\$3,000	As Arranged	As Arranged	Us
Permits and Licenses <sup>(13)</sup>	\$250	\$1,000	As Arranged	As Arranged	Government Agencies
Professional Fees <sup>(14)</sup>	\$1,000	\$5,000	As Arranged	As Arranged	Attorney, Accountant
Employee Wages <sup>(15)</sup>	\$2,500	\$4,000	As Arranged	As Arranged	Employees
Additional Funds – 3 months <sup>(16)</sup>	\$20,700	\$60,000	As Arranged	As Arranged	Third Parties



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT	\$543,000	\$1,012,600			

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your TDS Franchise. We do not offer direct or indirect financing for these items. All expenditures paid to us or our affiliates are uniform and nonrefundable under any circumstances once paid. All expenses payable to third parties are nonrefundable, except as you may arrange for utility deposits and other payments.

Notes:

1. Initial Franchise Fee. The Initial Franchise Fee is discussed in detail in Item 5.
2. Location Evaluation. We will travel to make one location evaluation for your Stop. You will not be required to pay any fees for the initial location evaluation. If you or we determine that you need additional evaluations, you will be required to pay us \$300 per evaluation plus our travel expenses.
3. Lease Payments. Your Stop will be between 5,000 and 12,000 square feet in a free-standing building or in a traditional retail, commercial warehouse or light industrial space that receives vehicular and/or foot traffic. The amount of your monthly rent will depend on the site's size, condition, and location, your ability to negotiate with the landlord, and the demand for the site among prospective lessees. Your proposed site must be approved by us. Our estimates assume that you will be leasing space and that you will not purchase real property and build your own building for your TDS Business. If you choose to purchase real property and construct a building, we cannot estimate how your initial investment would increase.
4. Leasehold Improvements. You will need to build-out the interior of your Stop according to our specifications. Your blueprints for the build-out of your Stop must be approved by us before you may begin construction. Our review of your blueprints is only meant to verify that they meet our specifications, and is not meant to verify compliance with any applicable law, ordinance or building code. Your costs to build-out your Stop will vary and may be higher than projected in this table, depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, the conditions of the property, whether you must use union labor, and the amount of alterations required for the property. You should investigate all of these costs in the area where you wish to establish your TDS Business.
5. Furnishings, Fixtures and Equipment. The furnishings, fixtures and equipment (the "FFE") you must obtain for your TDS Business includes kennels, fencing, turf, reception counter, cabinets, display units, shelving, desks, refrigerator, grooming tables, washer/dryer, cleaning supplies, dog care supplies, televisions, cameras, and all additional equipment necessary to run your TDS Business. The table above describes your estimated initial investment if you purchase your FFE.
6. Signage. Our estimate includes the interior and exterior signage for your TDS Business.



7. Initial Inventory. Your initial inventory includes items for sale in the TDS Business such as dog food, dog toys and accessories, and any uniforms and apparel required.
8. Utility and Security Deposits. Your landlord may require that you pay a security deposit when you sign the lease, and your local utility companies may require you to pay security deposits.
9. Insurance. Our estimate includes the annual premium for required insurance coverage. You may have to pay your premiums monthly, quarterly, semi-annually or annually. The insurance you must maintain is described in Item 8. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of a TDS Business, your rates may be significantly higher than those estimated above
10. Grand Opening Advertising. You must conduct a grand opening advertising campaign to announce the opening of your TDS Business. Your grand opening advertising campaign must be conducted in the 75 days before and 30 days after opening. Your grand opening advertising campaign, including the beginning and ending dates, must be approved by us before you may begin the campaign, and may include brochures, newspaper advertising, billboards, internet marketing, social media, brochures, direct mailings, and flyers. It will also include a partnership with our vendor that provides guidance, planning and on-site support.
11. Travel and Living Expenses While Training. We provide one initial training course in Pittsburgh, Pennsylvania, to up to three people at no additional charge, but you must pay for your trainees' expenses, including travel, lodging, meals and wages (if applicable). The amount of the expenses will depend on the distance you must travel, the type of accommodations you choose, the number of attendees, and any wages you pay to employees of yours attending training. The low end of our estimate assumes that the trainees are within driving distance of our training facility.
12. Point-of-Sale and Computer System. You must purchase the computer system we designate or approve, including required hardware and software components. The estimated initial investment includes the estimated cost of the computer system. See Item 11 for more information about the computer system. You will not be required to substantially upgrade your computer system more than three times during the term of the Franchise Agreement.
13. Permits and Licenses. Our estimate includes business licenses and permits that generally remain in effect for one year. We strongly recommend you consult with an attorney to determine the types of permits and licenses you will need and their costs.
14. Professional Fees. We strongly recommend that you engage an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to have an attorney assist you in negotiate lease terms and/or forming a corporate entity to own the franchise.
15. Employee Wages. This is for budgeting purposes only and is intended to give you an idea of your overhead expenses when you employ an appropriate number of employees (or contracting with independent contractors) to operate and provide services through your TDS Business. The estimate provided in the tables above calculates wages for two to three employees.
16. Additional Funds. This item estimates your initial start-up expenses (other than the items identified separately in the table) for the initial period of operations of your TDS Business, which we anticipate will be three months. These expenses include Royalty fees, technology fees, Brand Fund Contributions, and might also include a reasonable draw or salary for you based on your preferred



lifestyle and current lifestyle expenses. We have relied on our affiliates' experience since 2009 in developing TDS Businesses and our sale of TDS franchises since 2013 to prepare these estimates. We have elected to include certain fees as line items above, including costs for the lease payments, and insurance premiums. These fees could also be included in our Additional Funds amount. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing the franchise purchase and business start-up depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business.

**YOUR ESTIMATED INITIAL INVESTMENT  
AREA DEVELOPER**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Development Fee <sup>(1)</sup>	2 Units - \$89,500 3 Units - \$119,500 4 Units - \$149,000 5 Units - \$178,000	2 Units - \$89,500 3 Units - \$119,500 4 Units - \$149,000 5 Units - \$178,000	Lump Sum	When Area Development Agreement is Signed	Us
Initial Investment for The First TDS Business <sup>(2)</sup>	\$493,500	\$963,100	Per Table Above	Per Table Above	Per Table Above
TOTAL ESTIMATED INITIAL INVESTMENT FOR TWO TDS BUSINESSES <sup>(3)</sup>	\$583,000	\$1,052,600			
TOTAL ESTIMATED INITIAL INVESTMENT FOR THREE TDS BUSINESSES <sup>(3)</sup>	\$613,000	\$1,082,600			
TOTAL ESTIMATED INITIAL INVESTMENT FOR FOUR TDS BUSINESSES <sup>(3)</sup>	\$642,500	\$1,112,100			



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT FOR FIVE TDS BUSINESSES <sup>(3)</sup>	\$671,500	\$1,141,100			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. Development Fee. You must pay us a Development Fee upon signing the Area Development Agreement instead of the Initial Franchise Fee. This fee is discussed in Item 5. If you will develop two TDS Businesses the Development Fee is \$89,500. If you will develop three TDS Businesses the Development Fee is \$119,500. If you will develop four TDS Businesses the Development Fee is \$149,000. If you will develop five TDS Businesses the Development Fee is \$178,000.
2. Other Expenditures for First TDS Business. These are the estimates to build-out your first TDS Business. Costs associated with building out additional TDS Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs. The Initial Franchise Fee is not included in these totals, as that would be replaced by the Development Fee.
3. Figures May Vary. This is an estimate of your initial start-up expenses for an Area Developer Franchise. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise. The Initial Franchise Fee has been replaced with the Development Fee in these totals.

## **ITEM 8**

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

#### Standards and Specifications

You must operate the TDS Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the TDS Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. We will provide our System standards and specifications to you in our Franchise Operations Manual (“Franchise Operations Manual”), and the System standards may be periodically updated. Updates to the System standards will be communicated to you in writing, including email, newsletters and updates to the Franchise Operations Manual. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.



## Purchases from Approved Suppliers

You must purchase, install, maintain in sufficient supply and only use fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. You will be required to maintain certain inventory levels that will depend on the location, size of your Stop and the demographics of the territory of your TDS Business as specified in the Franchise Operations Manual.

We may negotiate purchase arrangements with approved suppliers for the benefit of all The Dog Stop franchises in the System. There are currently no purchasing cooperatives or purchasing arrangements in place.

Currently, our approved suppliers include vendors for the following services and products:

- Site Selection Services
- Cleaning Solutions
- Designated Software
- Dog Enclosures
- Flooring
- Dog Beds
- Dog Shampoo
- Credit Card Processing
- Webcam hardware and streaming services
- Marketing services including SEM and Paid Social Media advertising
- Website
- Uniforms and Apparel
- The Dog Stop® Branded Merchandise and Swag
- All Marketing Materials, including, but not limited to: business cards, flyers, mailers, brochures, in-store signage, and graphics.

Some of these items must be purchased through our web portal: [thedogstopswag.com](http://thedogstopswag.com).

Neither we or our affiliates are currently an approved supplier of any products or services provided to franchisees. We and our affiliates reserve the right to become approved suppliers of any services and products. None of our officers own an interest in any supplier. We reserve the right to modify, remove and add designated suppliers in the future. We will provide you with a list of our designated and approved suppliers in our Franchise Operations Manual.

We do not provide material benefits to you (such as renewal rights or the right to open additional franchises) based on whether or not you purchase through the sources we designate or approve.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (“Allowances”) offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor).

Neither us nor our affiliates received revenue from required purchases or leases and sources of information used in computing revenues in the fiscal year ending December 31, 2022.





The cost of all goods and services that you must purchase or lease from approved or designated suppliers or under our specifications in establishing your TDS Business represents approximately 90% of all purchases by you of goods and services in establishing your TDS Business and approximately 60% in the operation of your TDS Business. During our last fiscal year ending December 31, 2022, we did not derive any revenue from the sale or lease of products or services to franchisees.

### Approval of New Suppliers

If you wish to use any product or that has not been approved for use in the System or if you want to purchase from or contract with a supplier that has not yet been approved, you must first submit a written request for approval of the proposed product or supplier and obtain our approval of product or the supplier before purchasing or entering into a contract with the supplier. You must pay us for the actual cost of testing, if any. We will, within a reasonable time (within 30 days), notify you of our decision. Unless we provide our specific approval of a proposed product or supplier, the product or supplier is deemed not approved. We will notify you in writing of our decision by email, newsletter or updates to our Franchise Operations Manual. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, field of expertise, files complaints and reports, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not make available to you or any supplier our specific criteria for product or supplier approval. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria. If we revoke our approval of the supplier or distributor, you will receive written notice and you must stop purchasing from the supplier or distributor immediately.

We may conduct market research and testing to determine consumer trends and salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research. In connection with test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell the products, materials and services.

### Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, the insurance coverages that we require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your TDS Business, and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You currently must maintain the following insurance coverage: (1) comprehensive general liability coverage, including products liability coverage, and liability coverage of owned and non-owned automobiles, under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence for bodily injury and property damage, and multi-peril package, and umbrella coverage of an additional \$1,000,000; (2) business interruption for a period adequate to re-establish normal business operations; (3) workers' compensation and employer's liability insurance as well as any other insurance





that may be required by statute or rule in the state in which your TDS Business is located; and (4) any other insurance that we may require in the future or that may be required according to the terms of your lease.

You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy. If you fail to obtain the insurance coverages that we require, we may purchase insurance for you and you shall reimburse all of our expenses related to this plus a \$500 administrative fee.

## **ITEM 9**

### **FRANCHISEE'S OBLIGATIONS**

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

Obligation	Article/Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Franchise Agreement: 2 Area Development Agreement: 3	7, 8, 11
b. Pre-opening purchases/ leases	Franchise Agreement: 2	7, 8, 11
c. Site development and other pre-opening requirements	Franchise Agreement: 2	7, 8, 11
d. Initial and ongoing training	Franchise Agreement: 4	7, 11
e. Opening	Franchise Agreement: 2	11
f. Fees	Franchise Agreement: 3, 4, 9, 11, 12, and 16 Area Development Agreement: 2 and 3	5, 6, 7, 11
g. Compliance with standards and policies/Operating Manual	Franchise Agreement: 4 and 8	8, 11, 16
h. Trademarks and proprietary information	Franchise Agreement: 5 and 6 Area Development Agreement: 7	13, 14
i. Restrictions on products/ services offered	Franchise Agreement: 2 and 8	8, 16
j. Warranty and client service requirements	Franchise Agreement: 8	8
k. Territorial development and sales quotas	Franchise Agreement: Not applicable Area Development Agreement: 3	12
l. Ongoing product/service purchases	Franchise Agreement: 2 and 8	8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: 8	6, 11
n. Insurance	Franchise Agreement: 8	7, 8



Obligation	Article/Section in Agreement	Disclosure Document Item
o. Advertising	Franchise Agreement: 9	6, 7, 11
p. Indemnification	Franchise Agreement: 5 and 16 Area Development Agreement: 14	6
q. Owner's participation/ management/staffing	Franchise Agreement: 1 and 4 Area Development Agreement: 7	15
r. Records and reports	Franchise Agreement: 10	6
s. Inspection and audits	Franchise Agreement: 11 Area Development Agreement: 12	6, 11
t. Transfer	Franchise Agreement: 12 Area Development Agreement: 11	6, 17
u. Renewal	Franchise Agreement: 13 Area Development Agreement: 5	6, 17
v. Post-termination obligations	Franchise Agreement: 15 Area Development Agreement: 10	17
w. Non-competition covenants	Franchise Agreement: 7, 12 and 15 Area Development Agreement: 12	17
x. Dispute resolution	Franchise Agreement: 17 Area Development Agreement: 19	17
y. Personal guaranty	Franchise Agreement: 8 and 12 and Attachment D	15

**ITEM 10**  
**FINANCING**

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

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

**Except as listed below, The Dog Stop Franchising, LLC is not required to provide you with any assistance.**

**Pre-Opening Obligations**

Before you open your TDS Business, we (or our designee) will provide the following assistance and services to you:

1. Provide you with written site selection guidelines and site selection assistance that we deem advisable (Franchise Agreement, Article 2). We will also designate the territory for your TDS Business when we have accepted your proposed location for the Stop (the "Territory"). If you are an Area Developer, we will designate your Development Territory when you sign the Area Development Agreement (Area Development Agreement, Section 1.1).
2. We will consult with you about the proposed economics of a lease for the Stop, but you must have your own attorney review all terms of the lease. You must select a site that meets our site



selection criteria. You will need between 5,000 and 12,000 square feet of space that we anticipate will be in a traditional retail, commercial warehouse or light industrial facility that receives vehicle and/or foot traffic. We will have five days after receipt of all information we require to notify you whether the site you propose to use is accepted. Unless we provide our specific acceptance of a site, it is deemed not accepted. You must find an approved site within 90 days after you sign the Franchise Agreement. We must also approve the lease for the accepted site (Franchise Agreement, Article 2). We generally do not own and then lease any sites to you. We reserve the right to require that your lease includes an option to purchase the site and that it may be assigned to us.

3. Conduct one on-site evaluation of the proposed site for your TDS Business. We will visit the area in which you propose to locate the TDS Business and will help informally assist you to evaluate potential sites. We will make a single visit to your area at our own expense. If you request additional or longer visits, you must pay a fee, plus travel, lodging and meal expenses of the representatives we send (Franchise Agreement, Article 2).

4. Provide standard design specifications for the design, interior layout, fixtures, displays, equipment, signs, color scheme and décor and standard specifications and layouts for building and furnishing the TDS Business, which you will use to have site plans and build-out plans prepared, at your expense (Franchise Agreement, Article 2). We reserve the right to require you to use the architect/designer we designate and to inspect your TDS Business during its construction. You must comply with all ordinances, building codes, and permit requirements, and with any lease requirements and restrictions. We do not provide assistance in your conformance of the premises to local ordinances and/or building codes, obtainment of required permits, and/or the construction, remodeling or decoration of your premises.

5. Loan you one copy of the Franchise Operations Manual. The Franchise Operations Manual contains approximately 477 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit G (Franchise Agreement, Article 4). We also have a video library of more than 80 videos that each run between two minutes and 15 minutes.

6. Provide a list of approved suppliers, which we may revise during the term of your Franchise Agreement (Franchise Agreement, Article 8).

7. Provide an initial training program at our headquarters for up to three people, the cost of which is included in the Initial Franchise Fee (Franchise Agreement, Article 4). We do not provide training to any other employees of yours unless you request we provide additional training or on-site assistance, and pay our then-current training fees. We do not hire any of your employees.

8. We will assist with selecting equipment, signs, fixtures, opening inventory, and supplies by providing written specifications for these items. We do not provide these items directly but will provide you with names of our approved suppliers. We do not deliver or install any of these items.

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase existing TDS Businesses.

#### *Site Selection and Schedule for Opening*

We estimate that the time from when the Franchise Agreement is signed to the opening of the TDS Business will be approximately nine months. Your total time frame may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the TDS Business, to complete construction or remodeling as it may be



affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the TDS Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the TDS Business, including purchasing inventory and supplies. You must open the TDS Business and begin business within 180 days after we have accepted the location for your TDS Business. If you are not able to open your TDS Business within this period, we have the right to terminate your Franchise Agreement or, in our discretion, we may extend the period of time for you to open. You may not open your TDS Business for business until we have approved you to do so. If you do not locate a site which is acceptable to us, or find acceptable sites and open the TDS Businesses by the deadlines in your Area Development Agreement, we may terminate the agreements.

You must provide to us all of the information we require to evaluate the site you propose, which may include photographs of the proposed site and demographic studies. We will have 5 days after we receive all information we need to accept or not accept your proposed site. We will not unreasonably withhold our approval, if the site meets our minimum requirements. Our acceptance only indicates that the site meets our minimum requirements for a TDS Business. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted. Our criteria for reviewing a proposed site includes its location, traffic patterns, visibility, ease of access, proximity to a major road, parking, lighting, the physical characteristics of the building, and the amount of outdoor space you will have.

The lease rider, the form of which is attached to this Franchise Disclosure Document in Exhibit H, must be included in and become a part of the lease you sign for the TDS Business.

You are solely responsible for selecting the site of each of your TDS Businesses under the Area Development Agreement which will be subject to our review and acceptance. We do not locate sites for you. As an Area Developer, you must sign your first Franchise Agreement at the same time you sign the Area Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first TDS Business under an Area Development Agreement is the same as for a single TDS Business, within 180 days after we have accepted the location for your TDS Business. Each additional TDS Business you develop must be opened according to the terms of your Development Schedule. The site selection and approval process for each TDS Business under an Area Development Agreement is the same as that for a single TDS Business and will be governed by the Franchise Agreement signed for that location. In evaluating a proposed site, we consider such factors as location, traffic patterns, visibility, ease of access, proximity to a major road, parking, lighting, the physical characteristics of the building, and the amount of outdoor space you will have. We may conduct an on-site evaluation of the proposed site for your TDS Business. We will have 5 days after we receive all needed information to accept or not accept your proposed site. For each accepted TDS Business site, you must execute the then-current Franchise Agreement and return it to us within 10 days after your receipt of the Franchise Agreement. Failure to execute and submit the then-current Franchise Agreement to us within the 10 day time period voids our acceptance of the site and you will not have any rights to that site. The development schedule for the opening of each TDS Business is identified in Attachment C, Minimum Performance Schedule, to the Area Development Agreement.

All leasehold improvements must comply with our plans and specifications. You must engage a licensed contractor comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must submit building permits, construction plans or build-out plans and specifications to us for our approval before construction of the TDS Business begins, and you must submit all revised plans and specifications to us for our approval during construction.



You may not open your TDS Business for business until: (1) all persons that we require satisfactorily complete pre-opening training; (2) amounts then due to us have been paid; (3) all amounts due and owing to suppliers have been paid; (4) you give us certificates for all required insurance policies or other evidence of insurance coverage and premium payment that we request; (5) the TDS Business has been built-out, furnished and equipped according to our requirements and specifications; (6) you provide us with copies of all licenses and permits required for the TDS Business's proper operation; (7) we have approved your grand opening advertising campaign; and (8) you have received our written approval to open the TDS Business.

### Continuing Obligations

During the operation of your TDS Business, we (or our designee) will provide the following assistance and services to you:

1. Advise you regarding your operations based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that TDS Businesses use; purchasing required products and services from approved suppliers; advertising and marketing programs; employee training, administrative, bookkeeping, and accounting procedures. We will guide you in our Franchise Operations Manual, bulletins, or other written materials, emails, during telephone consultations, and/or during consultations at our office or at your TDS Business (Franchise Agreement, Article 4.2).

2. Provide you with additional on-site assistance and/or training, at your expense (Franchise Agreement, Article 4.2). We will visit all new TDS Businesses at least two times in the first year, and one time each year after that. If you operate multiple TDS Businesses in the same area, we may visit each TDS Business, and each of these visits will count towards our visit requirements for that TDS Business (Franchise Agreement, Article 4.2).

3. Inspect and observe the operation of the TDS Business to help you comply with the Franchise Agreement, Franchise Operation Manual and all System standards (Franchise Agreement, Article 11.1).

4. Allow you to use our confidential information (Franchise Agreement, Article 6).

5. Allow you to use the Marks (Franchise Agreement, Article 5).

6. Provide you with advice and guidance on advertising and marketing (Franchise Agreement, Article 9).

### Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new equipment or new techniques.

2. Make periodic visits to the TDS Business for the purpose of assisting in all aspects of the operation and management of the Franchise, prepare written reports concerning these visits outlining any



suggested changes or improvements in the operation of the Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. Maintain and administer a Brand Development Fund. We may dissolve the Brand Development Fund upon written notice (Franchise Agreement, Article 9.3).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting The Dog Stop franchisees.

## Advertising

### *Grand Opening Advertising*

You must spend at least \$15,000 to conduct a grand opening advertising campaign to announce the opening of your TDS Business. You may choose to spend more than this amount. Your grand opening advertising campaign must be conducted during the 75 days before and 30 days after your TDS Business opens. Your grand opening advertising campaign, including the beginning and ending dates, must be approved by us. Your campaign will include flyers, newspaper advertising, brochures and direct mail postcards. It will also include partnering with our vendor that provides guidance, planning and on-site support.

### *Brand Development Fund*

We have established a Brand Development Fund to promote the System, TDS Businesses and the products and services offered by TDS Businesses (Franchise Agreement, Article 9.3). You must pay 2% of Gross Sales for your Brand Fund Contribution. The Brand Development Fund will be used for national and regional advertising, publicity, and promotion relating to our business. Advertising and marketing may be prepared by us or by outside sources. We will determine, in our fully unrestricted discretion, the manner in which the Brand Development Fund will be spent. Some portion of the Brand Development Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Brand Development Fund is intended to maximize general public recognition in all media of the Marks and patronage of TDS Businesses and we have no obligation to ensure that expenditures of the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to payments of the Brand Fund Contribution by franchisees operating in that geographic area, or that any TDS Business will benefit directly or in proportion to the Brand Fund Contributions paid for the development of advertising and marketing materials or the placement of advertising. We have the right to reimburse ourselves out of the Brand Development Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Fund Contribution (including attorneys', auditors' and accountants' fees, salaries and other expenses incurred in connection with collecting any Brand Fund Contribution).

Each franchisee will be required to contribute to the Brand Development Fund but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. TDS Businesses owned by us or our affiliates will contribute to the Brand Development Fund on the same basis as you. Brand Fund Contributions will be kept in a non-interest bearing account separate from our general funds. Money from the Brand Development Fund will not be used to defray any of our general





operating expenses, except as described in the paragraph above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will carry over to the following year. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred.

Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the right to reinstate it at any time and you must again contribute to the Brand Development Fund.

No portion of the Brand Development Fund will be used for advertising that is principally a solicitation for the sale of franchises.

We are not obligated to spend any amount on advertising in your area or territory separate from the Brand Development Fund.

During the last fiscal year ended December 31, 2022, we collected \$316,963.96 in Brand Development Fund contributions. The Brand Development Fund had expenditures as follows: 15% for media production, 30% for administration, 50% for media placement, and 5% for web site development and maintenance, search engine optimization and search engine marketing. Sources for advertising materials include preparation in house as well as national and/or regional advertising agencies.

#### *Local Advertising*

You must conduct local advertising and marketing in your Territory. During your first year of operation you must spend at least 4% of Gross Sales each quarter for local advertising, and starting in your second year of operation you must spend at least 2% of Gross Sales each quarter for local advertising. Your advertising promotion and marketing will be completely clear, factual and not misleading and conform to the highest standards of ethical advertising and marketing policies that we periodically prescribe and as outlined in our Franchise Operations Manual. All of your advertising must also comply with any applicable laws or regulations. You must send samples of all advertising, promotional and marketing materials that we have not prepared or that was not previously approved by us for approval. At our request you must include certain language in your local advertising materials, including “Franchises Available” and/or “Each Franchise Location Independently Owned and Operated,” our website address and telephone number.

Each quarter, you must provide us with proof of your expenditures on local advertising, including a report of the monies spent, copies of the advertising used and verification of advertising.

You may be required to participate in any local or regional advertising cooperative for The Dog Stop Franchises that are established. The area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative for each The Dog Stop Franchise that the franchisee owns that exists within the cooperative’s area. Each The Dog Stop Franchise we own that exists within the cooperative’s area, will contribute to the cooperative on the same basis as franchisees. If our outlets have controlling voting power, there is no minimum or maximum on the fee that could be imposed. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We reserve the right to form, change, dissolve or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist



near your territory, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify at our discretion.

You must order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval.

### *Advisory Councils*

We reserve the right to form an advisory council comprised of our representatives and franchisee representatives. If we choose to form an advisory council, it will act in an advisory capacity only and will not have decision making authority. The advisory council may be formed to work with us to improve the System, the products and services offered by TDS Businesses, advertising and promotional programs, and other matters. Franchisee representatives to the council may be selected by us or may be elected by other franchisees in the System. If you are chosen to participate in the council, your expenses for travel and lodging will be paid for by us, and such participation is without compensation of any kind. We will have the right to form, change, merge or dissolve any advisory council at any time. We will also have the right to remove council members in our discretion.

### *Website and Intranet*

If you wish to advertise online, you must follow our online policy that is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market and conduct e-commerce on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

### Computer System

You are required to purchase or lease a computer system that consists of the following hardware and software: (a) at least one point of sale (“POS”) system, color printer and scanner and (b) QuickBooks (“Computer System”). We estimate the cost of purchasing the Computer System will be between \$1,000 and \$2,500. You must at all times have a high-speed internet connection. The Computer System will provide you with the following functions: point of sale, scheduling (for both clients and employees), client and pet management database, reporting and email. In addition, you will need to pay a technology fee, which is currently \$500 per month, to us.

Your POS system must allow you to pay any amounts due and owing to us by automatic debit from your bank account or by EFT.

We have the right at all times to independently access the information and data on your computer system, and to collect and use your information and data in any manner we choose to promote the development of the System and the sale of franchises. The information we may download includes financial





and sales information, reservation information, client database, and similar information concerning your operation of the TDS Business. There is no contractual limitation on our right to receive information through your computer system. You must make sure that we have electronic access to your computer system at all times, at your expense. Your client database will at all times remain our property.

During the term of your Franchise Agreement, we may require you to upgrade or purchase additional computer hardware and software. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn out hardware or equipment. You must at all times have a maintenance contract for the computer system, which we anticipate will cost approximately \$75 per month. We cannot estimate the cost of maintaining, updating or upgrading the Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time. In prior years we estimated the annual costs to approximately \$150. Neither we nor our affiliates will provide you with any updates, upgrades or maintenance for your computer system.

### Training

We will provide one initial training course to you (or your designated owner if you are an entity) and at least two managers in the operation of a TDS Business at no additional charge. You may send additional trainees; however, we require that you and two managers attend training at a minimum. Our training program is mandatory for all new franchisees. If you request that we provide our training program on additional occasions, whether before your TDS Business opens or while it is operating, you must pay our then-current training fee. You must also pay for all expenses your trainees incur while attending the training program, including travel, lodging, meals and applicable wages.

Our training program must be completed within 15 days before your TDS Business opens. You and your general manager, if any, must complete our training program to our satisfaction before you will be permitted to open your TDS Business. We will conduct approximately seven days of training at our offices and our affiliates' TDS Business in Pittsburgh, Pennsylvania or at another location we designate. We will also provide you with up to five days of additional training at your Stop in preparation for, and during opening. We reserve the right to modify our training program at any time based on the needs or experience of any individual trainee.

We will also provide you with additional on-site assistance and training at your TDS Business if you request that we provide this or if we believe that additional on-site assistance and training is necessary. You must pay our then-current per diem fee for each trainer we send to you and reimburse each trainer's expenses while providing additional on-site assistance and training.

The material we use for training includes our Franchise Operations Manual as well as any other material that we deem beneficial to incorporate in our training program. There currently are no fixed (such as monthly or bi-monthly) training schedules. We will hold our training program on an "as needed" basis, depending on the number of franchisees and their employees needing training. We project the following training schedule:



## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Computer Operations	3	4	Pittsburgh, Pennsylvania
Dog Behavior	4	4	Pittsburgh, Pennsylvania
Customer Service	3	5	Pittsburgh, Pennsylvania
Accounting and Financial Administration	2	2	Pittsburgh, Pennsylvania
Facility Management	2	2	Pittsburgh, Pennsylvania
Grooming	1	2	Pittsburgh, Pennsylvania
Retail TDS Business	2	3	Pittsburgh, Pennsylvania
Employee Administration	4	3	Pittsburgh, Pennsylvania
General Operations	3	10	Pittsburgh, Pennsylvania
Total Hours	24	35	

Our training program is supervised by Corey Criss. We may also draw upon the substantial experience of our affiliate’s managers and/or employees as well as our Area Representative(s) to assist in providing training. Corey Criss has been an employee of The Dog Stop since 2012. She has worked as a general manager of a single location and then regional manager of three Pittsburgh area locations. She has been training The Dog Stop staff and franchisees since 2013.

We reserve the right to hold periodic refresher training programs, which we expect to hold at least annually, and we may designate that attendance at refresher training is mandatory for you and/or any of your personnel. We will not charge a separate fee for any mandatory refresher training, but you must pay for all expenses your trainees incur while attending refresher training, including travel, lodging, meals and wages.

We reserve the right to hold a national meeting or convention of our franchisees, which will not be held more frequently than annually. We also reserve the right to hold regional meetings not more than twice a year. We may designate that attendance by you and/or certain of your personnel at the national meeting and one of the regional meetings, is mandatory. We do not expect that a national franchisee meeting will last longer than three days in any calendar year and no regional meeting will last longer than one day. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products or services, and/or to provide training. We may designate the location of the meeting (including a block of hotel rooms set aside for our franchisees). We will not designate an unreasonably expensive location. We will not charge a fee for the franchisee meeting, but you must pay all expenses incurred by you, any general managers and/or any other attendees at the franchisee meeting, including travel, lodging, meals, applicable wages and meeting materials.



## **ITEM 12** **TERRITORY**

### Franchise Agreement

You will receive the right to establish your TDS Business at a location to be approved by us. Your Territory will be described in terms of zip codes or using geographic boundaries. We anticipate that your Territory will include at least 40,000 households and/or 25,000 dogs, based upon the U.S. Humane Society's Pet Ownership and Population Estimates, and/or any other source we may designate. We (and any affiliates that we periodically might have) will not establish, nor allow another franchise owner to establish, another TDS Business within your Territory. Once we establish your Territory, we will not change or modify it without your consent.

During the term of the Franchise Agreement, we and any our affiliates have the right: (a) to offer and sell and to grant others the right to offer and sell the products and services offered at TDS Businesses, both inside and outside of the Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate TDS Businesses located outside the Territory; (c) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or to be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your TDS Franchise, wherever located, provided that in such situations the newly acquired businesses will not operate under the Marks inside the Territory; (d) the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs, and (e) to engage in any other business activities not expressly prohibited by the Franchise Agreement, both within and outside your Territory.

You may not relocate your TDS Business without our consent, which will not be unreasonably withheld. Your new location must be within your Territory. You must use our then-current criteria and requirements for locating a suitable replacement site for the TDS Business and for constructing the TDS Business at the new site. Our criteria for reviewing a proposed site includes location, traffic patterns, visibility, ease of access, proximity to a major road, parking, lighting, the physical characteristics of the building, and the amount of outdoor space you will have.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. We and our affiliates may also sell products or services under the Marks both within and outside your Territory through any method of distribution other than a dedicated TDS Business, including sales through channels of distribution such as the Internet, catalog sales, fairs, expos, pet shows and the like, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. You may not directly solicit customers outside of your Territory; however you may provide services to customers who reside outside of your Territory. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You are strictly prohibited from selling any product at wholesale, unless we have given you our advance written permission to do so.



Except for the Nashville, Tennessee franchisee's operations as a TDS Business under the "Bark Public" brand (as described in Item 13), we have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Except for TDS Businesses operated by our affiliates, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses that sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

The continued protection of your Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

### Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate the number of TDS Businesses in the Development Area that is specified in the Development Schedule, which is an exhibit to the Area Development Agreement. The Development Area is typically described in terms of zip codes or clearly defined on a map using roads, bodies of water or other geographic details. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for TDS Businesses in the Development Area for you to meet your Development Schedule. You are solely responsible for the location and preparation of a sufficient number of suitable sites. Each additional TDS Business you develop must be opened according to the terms of your Development Schedule.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. Except as described below, during the term of the Area Development Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of TDS Businesses to be located within the Development Area. However, we have the right to terminate these protections if you are not in full compliance with all of the terms and conditions of the Area Development Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Area Development Agreement, we and our affiliates retain all rights with respect to TDS Businesses, the Marks, and any products and services anywhere in the world including the right: (a) to offer and sell and to grant others the right to offer and sell the products and services offered at TDS Businesses, both inside and outside of the Development Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate TDS Businesses located outside the Development Territory; (c) to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or to be converted into a new system with any business whether franchised or corporately owned, including a business that competes directly with your TDS Franchise, wherever located, provided that in such situations the newly acquired businesses will not operate under the Marks inside the Development Territory; and (d) to engage in any other business activities not expressly prohibited by the Development Agreement, both within and outside your Development Territory.



We and our affiliates may also sell products or services under the Marks both within and outside your Development Territory through any alternative distribution channels. You may not use alternative distribution channels to make sales outside or inside your Development Territory and you will not receive any compensation for our sales through alternative distribution channels.


We and our affiliates and any other authorized person or entity (including any other TDS franchise) may, at any time, conduct any other type of activities within your Development Territory that we are permitted to conduct under the Franchise Agreement.

To maintain your rights under the Area Development Agreement you must have open and in operation the cumulative number of TDS Businesses stated on the Development Schedule by the dates agreed upon in the Development Schedule. Failure to do so will be grounds for either a loss of the Development Area or a termination of the Area Development Agreement.

In addition, upon the termination or expiration of the Area Development Agreement, your exclusive rights under the Area Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate TDS Businesses within the Development Area. This right will be subject only to the territorial rights under the Franchise Agreements signed by you for TDS Businesses in the Development Area. The Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep your Development Area, except that you must meet your Development Schedule. You are not granted any right of first refusal to obtain additional development rights.

**ITEM 13  
TRADEMARKS**

Under the Franchise Agreement and your payment of Royalties, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. The Area Development Agreement does not grant you the right to use the Marks or the System. We have registrations with the United States Patent and Trademark Office (“USPTO”) for the following Marks:

Registered Mark	Registration Number	Registration Date	Register
The Dog Stop	4,257,234	12/11/2012 Renewed: 12/22/18 & 04/21/22	Registered on the Principal Register
	4,691,660	2/24/2015 Renewed: 08/13/20	Registered on the Principal Register



Registered Mark	Registration Number	Registration Date	Register
<b>WHERE TAILS GO TO WAG!</b>	5,697,198	3/12/19	Registered on the Principal Register
<b>WHERE TAILS GO TO WAG!</b>	5,697,199	3/12/19	Registered on the Principal Register
<b>BRED FROM DEVOTION</b>	5,858,622	9/10/19	Registered on the Principal Register
<b>BRED FROM DEVOTION</b>	5,858,623	9/10/19	Registered on the Principal Register
<b>BARK PUBLIC</b>	6,009,142	3/10/2020	Registered on the Principal Register
<b>BARK PUBLIC</b>	6,009,143	3/10/2020	Registered on the Principal Register

There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals required to maintain the federal registration of the above-identified Proprietary Marks have been filed. There are no agreements currently in effect which significantly limit our right to use or to license others to use the Marks that could materially affect your use of the trademarks.

We are aware of three businesses using the name “The Dog Spot” in Nashville, Tennessee. While our use of “The Dog Stop” trademarks predates use of “The Dog Spot” trademark by these three businesses, their use may predate ours in the Nashville, Tennessee area. To the extent that we are the junior user in the Nashville, Tennessee area, our use may constitute likelihood of confusion. Any restriction on our use of the Marks in that area is, in our opinion, negligible impact on our overall operations and expansion potential. We have sold one franchise in 2019 in the Nashville, Tennessee area. This franchisee operates their TDS Business under the “Bark Public” trademark instead of “The Dog Stop.”

We are also aware of two other locations using our name, “The Dog Stop,” in both El Paso, Texas and Rawley, Massachusetts. To the extent that we are the junior user in these two areas, our use may constitute likelihood of confusion. Any restriction on our use of the Marks in these areas is, in our opinion, negligible impact on our overall operations and expansion potential.

You must follow our rules when you use the Marks. You may not use any Mark (1) in your corporate or legal business name; (2) with any prefix, suffix or other modifying words, terms, designs, or symbols (except for those we license to you); (3) in selling any unauthorized services or products; (4) as part of any domain name, electronic address, or search engine you maintain on any website; (5) in any other way we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Marks. We have the sole right to direct and control any administrative proceeding or





litigation involving the Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We may defend you against any third party claim, suit or demand arising out of your use of the Marks. If we, in our sole discretion, determine that you have used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. If there is any litigation relating to your use of the Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We are not required to reimburse you for any costs you incur in relation to any change or substitution, such as the cost of changing stationery or signage, and have no obligation or liability to you as a result of any change or substitution.

#### **ITEM 14** **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in our Franchise Operations Manual. The Franchise Operations Manual is described in Item 11. Although we have not filed an application for a copyright registration for the Franchise Operations Manual, we claim a copyright in it and the information is proprietary. We may provide the Franchise Operations Manual in hard copy and electronically.

You must promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate. We are not obligated to indemnify you for losses brought by a third party concerning your use of this information, but we will take all steps we think are appropriate to protect our copyright in the Franchise Operations Manual.

You must operate your TDS Business according to the standards, methods, policies and procedures specified in the Franchise Operations Manual, which is comprised of several guides and other documents. One copy of the Franchise Operations Manual is loaned to you by us for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Franchise Operations Manual, any other of our manuals that are used in the operation of your TDS Business and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Franchise Operations Manual will remain our sole property and must be kept in a secure place at the TDS Business.

We may revise the contents of the Franchise Operations Manual and you must comply with each new or changed standard. You must make sure that the Franchise Operations Manual is kept current at all times. In the event of any dispute as to the contents of the Franchise Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.





You must not, during the term of your Agreement or after the term of your Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the TDS Business which may be communicated to you, or which you may learn because of your operation under the terms of your Agreement. You may divulge this confidential information only to those of your employees who have access to and who operate your TDS Business. The term “Confidential Information” includes System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of TDS Businesses, proprietary software (if we choose to develop proprietary software for the System), the terms of your Agreement with us, the Franchise Operations Manual, graphic designs and other intellectual property, and your client database.

At our request, you must require your general manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your TDS Business. The agreements must be in the form provided by us.

If you, your owners, managers or employees develop any ideas, techniques, services and products in the operation or promotion of the TDS Business, you must receive our prior written approval and give us all necessary information, free of charge. You, your owners, managers and employees must acknowledge that any of these ideas, techniques, services and products will become our sole and exclusive property and we may give the information to other franchisees.

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

The TDS Franchise shall be managed by you, or if you are an entity, one owner who is a natural person designated in writing to us as the person to make all decisions for the franchisee entity and will be principally responsible for communicating with us about the TDS Business (“Designated Owner”). The Designated Owner must have the authority and responsibility for the day-to-day operations of your TDS Business and must have at least 10% equity. Under certain circumstances, we may allow you to appoint a General Manager (“General Manager”) to run the day-to-day operations of the TDS Business. The Designated Owner and General Manager must each successfully complete our training program (See Item 11). We do not require that the General Manager have an ownership interest in the legal entity of the Franchise owner. If you replace the Designated Owner or General Manager, the new Designated Owner or General Manager must satisfactorily complete our training program at your own expense.

Any General Manager and, if you are an entity, any officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” the form of which is attached to this Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit H. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you of 20% or greater) must sign an owners agreement, the form of which is attached to the Franchise Agreement as Attachment D. We also require that the spouses of the Franchise owners sign the owner’s agreement.



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

You must offer all products and perform all services that we periodically require for TDS Businesses and you are not permitted to offer any products or services that we have not approved. All suppliers, products and services approved by us must be offered for sale on a continuous basis from your TDS Business at the time and in the manner required by us. No sale of any product or service except those products and services from approved suppliers may be solicited, accepted or made at or from your TDS Business. If requested by us with at least 30 days' notice, the marketing of a product or service may be discontinued. If we notify you that a specific product or supplier is no longer approved, you must immediately stop purchasing that product and/or stop purchasing and/or refrain from further contracts with that supplier. Our System standards may regulate required and authorized vendors, products and services and product and service categories. We periodically may change required and/or authorized vendors, products and services and product and service categories. There are no limitations on our rights to make changes to the required services and products offered by you.

Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your TDS Business in accordance with our policies.

We may periodically advise you regarding the prices you charge for the products and services offered from your TDS Business, but you will set your own prices. If you choose to follow any pricing advice we provide, we make no guarantees or warranties that offering the products or services at the recommended price will enhance your sales or profits.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	Article 1.2	Ten years.
b. Renewal or extension of the term	Article 13	If you are in good standing and meet our requirements to renew, you may renew your franchise for an additional term of ten years.



Provision	Article in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Article 13	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions than your original contract, from the Franchise Agreement that covered your original term. The boundaries of your territory will remain the same but the fees may be higher (except your royalty fee) on renewal but won’t be greater than the fees we then impose on similarly situated renewing franchisees. You must provide notice that you wish to renew your Franchise Agreement not less than six months and not more than nine months before expiration; you must be current in all payments; sign a release; not be in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your TDS Business; and pay a renewal fee.
d. Termination by franchisee	Not applicable	The Franchise Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	We may not terminate you without cause.
f. Termination by franchisor with cause	Article 14.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination.
g. “Cause” defined – curable defaults	Article 14.2	You have 15 days to cure monetary defaults, 30 days to cure operational defaults and other defaults not listed in (h) below. Curable defaults include non-compliance with our System, unauthorized use of the Marks, suspension of a required license and failure to pay taxes.
h. “Cause” defined – non-curable defaults	Article 14.1	Non-curable defaults include material misrepresentation, failure to open TDS Business on time, failure to equip TDS Business, failure to complete training, abandonment, unapproved transfers, loss of required licenses; conviction of a felony or misdemeanor involving violence or moral turpitude, interference with our right to inspect, dishonest or unethical conduct, unauthorized use or disclosure of the Franchise Operations Manual or confidential information, repeated defaults (even if cured), failing three inspections in a 12 month period, bankruptcy, an assignment for the benefit of creditors, appointment of a trustee or receiver, violation of a non-compete restriction, uncured default under your lease, violation



Provision	Article in Franchise Agreement	Summary
		of any law, ordinance or regulation relating to terrorist activities or if assets, property or interests are “blocked” due to violations, failure to comply with any other provisions of the Agreement and failure not cured within required time.
i. Franchisee’s obligations on termination/non-renewal	Article 15	Obligations include paying outstanding amounts; complete de-identification of the premises; and returning confidential information (also see (o) and (r) below).
j. Assignment of contract by franchisor	Article 12.1	No restriction on our right to assign; we may assign without your approval.
k. “Transfer” by franchisee – defined	Article 12.2	Includes transfer of Franchise Agreement, sale of TDS Business’s assets and ownership change.
l. Franchisor approval of transfer by franchisee	Article 12.3	You may not assign the Franchise Agreement without our approval.
m. Conditions for franchisor approval of transfer	Article 12.3	Pay transfer fee of \$10,000; transferee meets our standards; transferee is not a competitor of ours; transferee and its owners, if applicable, sign our then-current franchise agreement and related documents (including Owners Agreement or other guaranty); you’ve made all payments to us and are in compliance with all contractual requirements; transferee completes initial training program; you sign a general release (unless prohibited by applicable state law); business location complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	Article 12.8	If you want to transfer your business (other than to or among your owners), we have a right of first refusal for a period of 30 days.
o. Franchisor’s option to purchase franchisee’s business	Article 15.5	We have the option, upon expiration or termination of your Franchise Agreement, to purchase any assets of the franchised business within 30 days after termination or expiration.
p. Death or disability of franchisee	Article 12.5	Upon your death or disability, your representative must designate an operator who is acceptable to us for your TDS Business within 60 days and transfer your interest to an approved party within 90 days. This transfer is subject to the same terms and conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	Article 7	You, your partners, and owners must not seek to employ any of our or other franchisee’s employees or have involvement in any competing business. (Subject to state law)



Provision	Article in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Article 15.4	No direct or indirect ownership interest in, or performing for, Competitive Businesses for two years within 50 miles of any TDS Business in the System (same restrictions apply after transfer). Owners may not solicit any customer of the Franchise or any TDS Business Franchise for two years. (Subject to state law)
s. Modification of the Agreement	Article 17.12	No modifications except by mutual agreement of the parties. The Franchise Operations Manual is subject to change during the term of the Franchise Agreement.
t. Integration/Merger Clause	Article 17.14	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 17	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Pittsburgh, Pennsylvania), subject to applicable state law.
v. Choice of forum	Article 17	Except for certain claims, all disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Pittsburgh, Pennsylvania), subject to applicable state law.
w. Choice of law	Article 17	Pennsylvania law applies, subject to applicable state law.

*Note 1:* A Competitive Business is any business offering pet related goods and services, including pet feeding, pet walking, pet grooming, pet sitting, or any retail store primarily offering goods related to pet care.

### THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Development Agreement	Summary
a. Length of the franchise term	Section 6	Length of the Development Schedule.
b. Renewal or extension of the term	Section 5	After all TDS Businesses have been developed, we will negotiate in good faith another Area Development Agreement.
c. Requirements for Area Developer to renew or extend	Not applicable	Not applicable.
d. Termination by Area Developer	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	Not applicable.



Provision	Section in Area Development Agreement	Summary
f. Termination by franchisor with cause	Section 9	We can terminate if you or any of your affiliates materially default under the Area Development Agreement, any individual Franchise Agreement, or any other agreement with us, if you commit any one of several listed violations.
g. “Cause” defined – curable defaults	Section 9	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing a TDS Business before all of your pre-development obligations are met; failure to obtain our consent when required; you open any TDS Business before a Franchise Agreement for that TDS Business has been signed by us and all fees have been paid.
h. “Cause” defined – non-curable defaults	Section 9	Failure to meet your development schedule; failure to comply with applicable laws; if all of your TDS Businesses stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision).
i. Area Developer’s obligations on termination/non-renewal	Section 10	You must stop selecting sites for TDS Businesses, and you may not open any more TDS Businesses.
j. Assignment of contract by franchisor	Section 11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Area Development Agreement.
k. “Transfer” by Area Developer – defined	Section 11	Includes transfer of any interest in the Area Development Agreement.
l. Franchisor approval of transfer by Area Developer	Section 11	You may not transfer the Area Development Agreement or any rights to the Development Territory.
m. Conditions for franchisor approval of transfer	Section 11	You may not transfer the Area Development Agreement or any rights to the Development Territory.
n. Franchisor’s right of first refusal to acquire Area Developer’s business	Section 11	We have the right to match the offer to purchase your TDS Business or an ownership interest in you.
o. Franchisor’s option to purchase Area Developer’s business	Not applicable	Not applicable.
p. Death or disability of Area Developer	Section 11	Interest must be transferred to an approved party within 12 months.
q. Non-competition covenants during the term of the franchise	Section 12	Can’t divert business or operate a Competitive Business anywhere. (Subject to state law)



Provision	Section in Area Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 13	No participation in a Competitive Business for two years and within 50 miles of any TDS Business in the System. (Subject to state law)
s. Modification of the agreement	Section 18	No modifications except by mutual agreement of the parties.
t. Integration/merger clause	Section 18	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and the Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently Pittsburgh, Pennsylvania), subject to applicable state law.
v. Choice of forum	Section 19	Except for certain claims, all disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently Pittsburgh, Pennsylvania), subject to applicable state law.
w. Choice of law	Section 18	Pennsylvania law applies, subject to applicable state law.

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of December 31, 2022, we had 17 franchised TDS Businesses (“Franchised Locations”) and 5 affiliate-owned TDS Businesses (“Affiliate Locations”) in operation for the entire calendar year of 2022. One franchised location was sold back to us in October 2022; due to this, that outlet is marked as an affiliate location within these Item 19 representations, for a total of 16 franchised locations, and 6 affiliate-owned locations. This Item 19 provides a historical financial performance representation for those 16 Franchised Locations and 6 Affiliate Locations that were open as of December 31, 2022 (“Reporting Group”) for the period from January 1, 2022 to December 31, 2022. (“Reporting Period”).

Franchised TDS Businesses will share many of the same characteristics as our Affiliate Locations, including degree of competition and services and goods offered, except that Affiliate Locations pay a lower Royalty and Brand Fund Contribution, and do not pay the Technology Fee. Where applicable, this





information has been adjusted to reflect the Royalty, Brand Fund Contribution and Technology Fees had the Affiliate Locations incurred the full amount of these franchisee expenses (see Notes). The TDS Businesses in the Reporting Group offered substantially the same products and services to the public as you will.

The financial performance information for the Affiliate Locations was taken from unaudited profit and loss statements for the Reporting Period, and the financial performance information for the Franchised Locations was taken from reports submitted to us using our uniform reporting system. The financial performance information for both the Affiliate Locations and the Franchised Locations was prepared on an accrual basis of accounting.

The outlets shown in this Item 19 are split into three categories: Top 3<sup>rd</sup> performers, Middle 3<sup>rd</sup> performers, and Bottom 3<sup>rd</sup> performers.

<b>Location Name</b>	<b>Year Opened</b>	<b>Size: FT<sup>2</sup></b>	<b># of Kennels</b>	<b>Total Sales (PE-tips)</b>	<b>YOY Change</b>
<b>Top 3rd</b>					
Deerfield, IL	2021	16009	133	\$2,385,098.13	255%
Metairie, LA	2019	10000	95	\$1,766,441.05	46%
Lafayette, LA	2015	9605	104	\$1,298,938.64	25%
Nashville, TN	2019	5640	46	\$1,181,685.60	14%
Upper St. Clair, PA	2018	8055	69	\$1,053,289.22	5%
**South Hills, PA	2011	9200	70	\$1,025,510.01	19%
**Strip District, PA	2013	9765	55	\$1,021,614.18	27%
<b>Middle 3rd</b>					
Trussville, AL	2018	5000	52	\$912,499.50	9%
Pensacola, FL	2020	10400	57	\$862,544.42	22%
**East End, PA	2009	11700	67	\$855,832.56	18%
Richmond, VA	2020	8493	64	\$827,666.35	103%
Middletown, DE	2018	7996	45	\$809,911.45	17%
Monroeville, PA	2014	11500	58	\$792,323.18	11%
**Wexford, PA	2015	9819	50	\$689,804.85	4%
<b>Bottom 3rd</b>					
Franklinton, OH	2021	9600	47	\$683,679.82	140%
Sewickley, PA	2014	9500	45	\$651,305.59	19%
**Boardman, OH	2019	9985	47	\$635,067.37	14%
Stuart, FL	2019	6600	57	\$585,272.06	20%
Westfield, TX	2018	8000	52	\$554,958.30	13%
Huntsville, AL	2021	9672	65	\$533,808.47	83%
Brunswick, GA	2020	4470	31	\$383,595.02	-7%
<b>** Affiliate Store</b>					



System Wide Expenses:					
Expense Category	Low	Avg.	High	Store at Average	Store Exp Above Average
Advertising	2%	3%	10%	7	3
Royalty Fee	6%	6%	6%	20	-
Brand Development Fee	2%	2%	2%	20	-
Veterinarian Expense	0%	0.4%	1.75%	10	3
Supplies	2%	3%	5%	11	5
Occupancy Costs	5%	16%	34%	10	6
Payroll	38%	45%	61%	5	10

The “System Wide Expenses” chart shows the percentages of expenses that came from Gross Sales on an annual basis.

Notes:

1. “Sales” means the revenues you receive from the sale of all goods, products and services sold at, from, or through the TDS Business and all other income, revenue and consideration of every kind and nature related to the TDS Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes collected from customers and then paid directly to the appropriate taxing authority; and (b) any bona fide refunds made to customers.
2. “Payroll” includes wages, taxes and payroll fees, and may include owner compensation.
3. “Occupancy Costs” include rent, utilities and associated taxes, supplies and similar expenses.
4. The financial performance representations in the Tables above do not reflect certain operating and non-operating costs and expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll earn as much.**

Other than the preceding financial performance representation, The Dog Stop Franchising, LLC does not make any financial performance representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Jesse Coslov at 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222 and 888-635-3935, 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 - 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	13	13	0
	2021	13	17	+4
	2022	17	19	+2
Company-Owned*	2020	5	5	0
	2021	5	4	-1
	2022	4	5	+1
Total Outlets	2020	18	18	0
	2021	18	21	+3
	2022	21	24	+3

\*The Company-Owned outlets reflected in the above chart are owned and operated by our affiliates.

Table No. 2

Transfers of Franchised Outlets to New Owners  
(other than the Franchisor)  
For Years 2020 - 2022

State	Year	Number of Transfers
Pennsylvania	2020	0
	2021	1
	2022	0
Totals	2020	0
	2021	1
	2022	0



Table No. 3

Status of Franchised Outlets  
For Years 2020 - 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Delaware	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	1	1	1	0	1	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Ohio	2020	1	0	1	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	1	0	4
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	0	1	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	0	1	0	0	0	0	1



State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Washington	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	13	4	3	0	1	0	13
	2021	13	4	0	0	0	0	17
	2022	17	3	0	0	1	0	19

Table No. 4

Status of Company-Owned Outlets  
For Years 2020 - 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Ohio	2020	2	0	0	1	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Pennsylvania	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	1	0	0	4
Florida	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Total Outlets	2020	5	0	1	1	0	5
	2021	5	0	0	1	0	4
	2022	4	0	1	0	0	5

The outlets shown in the table above are owned and operated by our affiliates, as described in Item 1.



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 Company-Owned Outlets in the Next Fiscal Year
Alabama	0	1	0
Arkansas	0	1	0
California	2	2	0
Colorado	5	5	0
Florida	7	7	0
Georgia	6	6	0
Illinois	2	2	0
Kentucky	1	1	0
Louisiana	2	3	0
Maryland	1	1	0
Massachusetts	0	1	0
Michigan	1	1	0
New Hampshire	0	1	0
New Jersey	3	3	0
New York	1	1	0
North Carolina	0	1	0
Ohio	1	2	0
Oregon	4	4	0
Pennsylvania	2	2	1
South Carolina	1	1	0
Tennessee	1	1	0
Texas	13	13	0
Virginia	3	3	0
Washington	0	0	0
Total	55	63	1

A list of the names of all franchisees and Area Developers and the addresses and telephone numbers of their businesses are provided in Exhibit E to this Disclosure Document.

The name and last known address and telephone numbers of our current franchisees and Area Developers are attached to this Franchise Disclosure Document as Exhibit E. The name and last known address and telephone number of every current franchisee and every Area Developer who have had a TDS Franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement and Area Development Agreement during the one-year period ending



December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document is listed in Exhibit E. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experiences with TDS Franchising. During the last three fiscal years, current and former franchisees have signed confidentiality clauses restricting their ability to speak openly about their experiences with TDS Businesses. You may wish to speak with current and former franchisees, but know that not all franchisees can communicate with you. If you buy a TDS Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us, and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

## **ITEM 21** **FINANCIAL STATEMENTS**

Exhibit B contains the financial statements required to be included with the Franchise Disclosure Document: audited financial statements as of December 31, 2022, December 31, 2021 and December 31, 2020. Our fiscal year end is December 31st.

## **ITEM 22** **CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments:

Exhibit C	Franchise Agreement
Exhibit D	Area Development Agreement
Exhibit F	State Addenda and Agreement Riders
Exhibit H	Contracts for use with the TDS Franchise
Exhibit H-1	Sample General Release/Waiver and Release of Claims
Exhibit H-2	Sample System Protection Agreement
Exhibit H-3	Sample Confidentiality Agreement
Exhibit H-4	Automated Clearing House Payment Authorization Form
Exhibit H-5	Sample Approval of Requested Assignment
Exhibit H-6	Lease Addendum

## **ITEM 23** **RECEIPTS**

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





**EXHIBIT A**

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**



**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

<p><b><u>CALIFORNIA</u></b></p> <p><u>State Administrator and Agents for Service of Process:</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 W. 4<sup>th</sup> Street, #750 Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677</p> <p><b><u>HAWAII</u></b></p> <p>Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><u>Agents for Service of Process:</u></p> <p>Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722</p> <p><b><u>ILLINOIS</u></b></p> <p>Illinois Attorney General Chief, Franchise Division 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p> <p><b><u>INDIANA</u></b></p> <p>Secretary of State Securities Division Room E-018 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681</p>	<p><b><u>MARYLAND</u></b></p> <p>Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p> <p><u>Agents for Service of Process:</u></p> <p>Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020</p> <p><b><u>MICHIGAN</u></b></p> <p>Michigan Department of Attorney General Consumer Protection Division 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117</p> <p><b><u>MINNESOTA</u></b></p> <p>Department of Commerce Commissioner of Commerce 85 Seventh Place East, Suite 280 St. Paul, MN 55101-3165 (651) 539-1600</p> <p><b><u>NEW YORK</u></b></p> <p><u>Administrator:</u></p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21<sup>st</sup> Floor New York, NY 10005 (212) 416-8222</p> <p><u>Agent for Service of Process:</u></p> <p>Secretary of State 99 Washington Avenue Albany, NY 12231</p> <p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department State Capitol, Fifth Floor, Dept. 414 600 E. Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712</p>	<p><b><u>RHODE ISLAND</u></b></p> <p>Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 (401) 462-9527</p> <p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</p> <p><b><u>VIRGINIA</u></b></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9<sup>th</sup> Floor Richmond, VA 23219</p> <p><u>Agent for Service of Process:</u></p> <p>Clerk of the State Corporation Commission 1300 E. Main Street, 1<sup>st</sup> Floor Richmond, VA 23219</p> <p><b><u>WASHINGTON</u></b></p> <p><u>State Administrator:</u></p> <p>Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760</p> <p><u>Agent for Service for Process:</u></p> <p>Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501</p> <p><b><u>WISCONSIN</u></b></p> <p>Department of Financial Institutions Division of Securities 201 W. Washington Avenue Madison, WI 53703 (608) 266-3364</p>
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**EXHIBIT B**

**FINANCIAL STATEMENTS**



# THE DOG STOP FRANCHISING, LLC

FINANCIAL REPORT  
AS OF DECEMBER 31, 2022



THE DOG STOP FRANCHISING, LLC

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## Independent Auditor's Report

To the Members  
The Dog Stop Franchising, LLC  
Pittsburgh, Pennsylvania

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying balance sheets of The Dog Stop Franchising, LLC as of December 31, 2022, and 2021 and the related statements of operations, members' (deficit) and cash flows for the years ended December 31, 2022, 2021 and 2020, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Dog Stop Franchising, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020, 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 The Dog Stop Franchising, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Dog Stop Franchising, LLC's ability to continue as a going concern for one year after the date that 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528  
Office: (303) 999-6485





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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Dog Stop 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 The Dog Stop 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.

*Reese CPA LLC*

Ft. Collins, Colorado  
April 24, 2023





**THE DOG STOP FRANCHISING, LLC**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS:</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 253,852	\$ 910,148
Accounts receivable, net	172,898	81,626
Prepaid assets	30,512	26,763
Note receivable from affiliate	622,800	300,000
Deferred marketing costs	23,235	-
Due from related parties	-	38,092
Deferred franchise acquisition costs	77,200	37,613
<b>TOTAL CURRENT ASSETS</b>	<b>1,180,497</b>	<b>1,394,242</b>
<b>NON-CURRENT ASSETS</b>		
Property and equipment, net	320,313	63,640
Franchise program	60,000	60,000
Franchise acquisition costs, less current portion	546,315	224,905
<b>TOTAL ASSETS</b>	<b>\$ 2,107,125</b>	<b>\$ 1,742,787</b>
<b>LIABILITIES AND MEMBERS' (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 206,956	\$ 59,137
Accrued liabilities	36,312	27,085
Deferred marketing revenue	-	83,902
Deferred franchise revenue	255,800	94,070
<b>TOTAL CURRENT LIABILITIES</b>	<b>499,068</b>	<b>264,194</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	163,054	164,754
Secured convertible note payable	2,686,629	2,540,086
Deferred franchise revenue, less current portion	1,887,958	535,379
<b>TOTAL LIABILITIES</b>	<b>5,236,709</b>	<b>3,504,413</b>
<b>MEMBERS' (DEFICIT)</b>	<b>(3,129,584)</b>	<b>(1,761,626)</b>
<b>TOTAL LIABILITIES AND MEMBERS' (DEFICIT)</b>	<b>\$ 2,107,125</b>	<b>\$ 1,742,787</b>

The accompanying notes are an integral part of these financial statements.



**THE DOG STOP FRANCHISING, LLC**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	2022	2021	2020
<b>REVENUES</b>			
Royalties	\$ 999,483	\$ 728,620	\$ 326,227
Franchise fees	192,916	226,004	523,387
Brand fund revenues	433,585	154,857	115,432
Technology fees	45,298	21,300	12,200
	<u>1,671,282</u>	<u>1,130,781</u>	<u>977,246</u>
<b>OPERATING EXPENSES</b>			
Franchise-related costs	168,672	133,505	326,627
Payroll	1,264,221	632,331	312,394
Professional fees	171,761	159,720	112,256
Advertising	926,583	363,050	128,634
General and administrative	361,272	287,438	129,284
Depreciation expense	8,063	8,151	9,168
	<u>2,900,572</u>	<u>1,584,195</u>	<u>1,018,363</u>
<b>OPERATING (LOSS)</b>	(1,229,290)	(453,414)	(41,117)
<b>OTHER INCOME</b>			
Grant and other income	12,071	2,200	47,990
PPP loan forgiveness	-	45,091	-
	<u>12,071</u>	<u>47,291</u>	<u>47,990</u>
<b>INTEREST EXPENSE</b>	(150,739)	(108,244)	-
<b>NET (LOSS) INCOME</b>	<u>\$ (1,367,958)</u>	<u>\$ (514,367)</u>	<u>\$ 6,873</u>

The accompanying notes are an integral part of these financial statements.



**THE DOG STOP FRANCHISING, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT)**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	Total Members' (Deficit)
<b>BALANCE, DECEMBER 31, 2019</b>	<b>\$ (263,518)</b>
Implementation of accounting standard	(324,839)
Net income	6,873
<b>BALANCE, DECEMBER 31, 2020</b>	<b>(581,484)</b>
Member distributions	(665,775)
Net loss	(514,367)
<b>BALANCE, DECEMBER 31, 2021</b>	<b>(1,761,626)</b>

The accompanying notes are an integral part of these financial statements.



**THE DOG STOP FRANCHISING, LLC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ (1,367,958)	\$ (514,367)	\$ 6,873
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8,063	8,151	9,168
Provision for bad debt	-	53,453	-
Recognition of deferred franchise costs	60,203	84,730	304,161
Recognition of deferred revenue	(188,652)	(226,004)	(523,386)
Changes in operating assets and liabilities:			
Accounts receivable	(91,272)	(70,347)	(34,559)
Deferred franchise costs	(421,200)	(60,000)	(30,000)
Prepaid assets	(3,749)	(24,274)	7,737
Accounts payable	147,819	(2,912)	(13,001)
Accrued liabilities	155,506	128,090	(12,639)
Deferred franchise revenue	1,703,225	106,000	113,250
Deferred marketing revenue	(107,137)	83,902	-
Net cash used in operating activities	<u>(105,152)</u>	<u>(433,578)</u>	<u>(172,396)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	(264,736)	(52,969)	-
Net cash used in investing activities	<u>(264,736)</u>	<u>(52,969)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Forgiveness) issuance of long-term debt	(1,700)	(45,091)	199,900
Proceeds from issuance of secured convertible note	-	2,442,391	-
Note receivable from affiliate	(322,800)	(300,000)	-
Due to related parties	38,092	(43,313)	(19,021)
Member distributions	-	(665,775)	-
Net cash provided by financing activities	<u>(286,408)</u>	<u>1,388,212</u>	<u>180,879</u>
<b>NET INCREASE IN CASH</b>	(656,296)	901,665	8,483
<b>CASH, BEGINNING</b>	<u>910,148</u>	<u>8,483</u>	<u>-</u>
<b>CASH, ENDING</b>	<u>\$ 253,852</u>	<u>\$ 910,148</u>	<u>\$ 8,483</u>
<b>SUPPLEMENTAL DISCLOSURES</b>			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.



**THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Dog Stop Franchising, LLC (“Company”) was formed on December 7, 2012, in the State of Pennsylvania as a limited liability company. The Company offers franchises to qualified persons or business entities for the right to operate businesses providing pet care facilities offering dog daycare, training, grooming, boarding services, dog walking and in-home services (“TDS Business”). TDS Businesses also offer premium dog food, dog treats and dog related accessories for sale. TDS Businesses operate under the system using The Dog Stop trademarks, service marks, trade names and logos (the “Marks”) from an approved retail location.

*Affiliates*

The Dog Stop, LLC was formed on June 12, 2009, in the state of Pennsylvania as a limited liability company. The Dog Stop South, LLC was formed on July 8, 2011, in the state of Pennsylvania as a limited liability company. The Dog Stop, Strip, L.L.C. was formed on April 22, 2013, in the state of Pennsylvania as a limited liability company. TDS Boardman Limited Liability Company was formed on November 1, 2019, in the state of Pennsylvania as a limited liability company. These companies operate the four (4) affiliate owned locations.

The Dog Stop Holdings, LLC was formed on March 13, 2015, in the state of Pennsylvania as a limited liability company and is the owner of the above affiliate locations.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

*System-Wide Locations*

The following table summarizes the number of locations open and operating for the year ended December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Locations in operation, beginning	21	18	18
Locations opened	3	4	4
Locations terminated, reacquired, or closed	-	-	(4)
Locations in operation, ending	<u>24</u>	<u>21</u>	<u>18</u>
Franchised locations	19	17	13
Affiliate owned locations	5	4	5



THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a pandemic. In response, many states implemented measures to combat the outbreak including, but not limited to, temporarily closing businesses. These closures resulted in as much as an 80% decrease in revenues over the prior year. By changing the focus of the business during the closures and with the locations opening revenues are higher than where they were before the pandemic. The Company does not anticipate future issues and no impairments have been recorded as of the balance sheet date; however, the Company will continue to monitor the situation.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Accounts Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company had an allowance for doubtful accounts of \$157,853 and \$157,853 as of December 31, 2022, and 2021. Bad debt expense was \$24,871, \$53,453, and \$0 for the years ended December 31, 2022, 2021 and 2020.

Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).



THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company developed Franchise Program for The Dog Stop trademark was available for use in January of 2013. The useful life of the program is estimated to be indefinite and as such is tested for impairment annually. There is not any impairment loss recognized on the value of the intangible asset for the years ended December 31, 2022, and 2021.

Income Taxes

The members of the Company have elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheets.

The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s members. The Company’s evaluation was performed for the years ended December 31, 2022, 2021 and 2020 for U.S. Federal income tax and the state of Pennsylvania income taxes.

Revenue Recognition

The Company’s revenue mainly consists of franchise fees and royalties.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the effective date of the franchise agreement.

When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 6% of gross sales. These revenues will be used to continue the development of the Company’s brand, the franchise system and provide on-going support for the Company’s franchisees. The royalties are billed weekly and are recognized as revenue when earned.



**THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Brand Fund Contribution*

The Company has a brand fund to develop, produce and place advertising, marketing, promotional and public relations materials, and programs for the benefit of the franchisees. The brand fee is 2% of gross sales and is billed weekly and is recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent are recorded as deferred revenue on the balance sheet. As of December 31, 2021, and 2020, \$83,903 and \$0 was included in deferred revenue, respectively.

*Advertising Costs*

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021 and 2020 were \$926,583, \$363,050, and \$128,634.

*Fair Value of Financial Instruments*

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

**NOTE 2 – ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 318,251	\$ 226,979
Franchise fee receivable	12,500	12,500
Less allowance for doubtful accounts	<u>(157,853)</u>	<u>(157,853)</u>
	<u>\$ 172,898</u>	<u>\$ 81,626</u>

**NOTE 3 – RELATED PARTY TRANSACTIONS**

Based on the cash needs of the Company and its affiliates, revenues may be collected, expenses may be paid, and cash may be transferred between the parties. These transactions are recorded as a related party asset or liability depending upon the amounts owed to or from related parties.

Due from (to) related parties consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Due from (to) members	\$ -	\$ (48,661)
Due (to) from The Dog Stop Holdings, LLC	<u>-</u>	<u>(10,569)</u>
	<u>\$ -</u>	<u>\$ 38,092</u>





**THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – RELATED PARTY TRANSACTIONS (CONTINUED)**

During the year ended December 31, 2021, The Company entered into an open ended promissory note with its affiliate, The Dog Stop Holdings, LLC, the note has an annual interest rate of 1.07% and it due in full no later than December 31, 2023. The balance outstanding as of December 31, 2022, and 2021 was \$622,800 and \$300,000. This is reported as a note receivable from affiliate in the accompanied balance sheets.

**NOTE 4 – CONTRACT BALANCES**

The Company recorded an asset for the incremental costs and a liability for unearned revenue associated with the performance obligation of the Company’s franchise agreements. The account balances and activity at December 31 are as follows:

	2022	2021
<b>Franchise Acquisition Costs:</b>		
Balance at beginning of year	\$ 262,518	\$ 287,248
Deferral of franchise acquisition costs	421,200	60,000
Recognition of franchise-related costs	(60,202)	(84,730)
Balance at end of year	\$ 623,515	\$ 262,518
<b>Deferred Franchise Revenue:</b>		
Balance at beginning of year	\$ 629,185	\$ 749,189
Deferral of deferred revenue	1,703,225	106,000
Recognition of franchise revenue	(188,652)	(226,004)
Balance at end of year	\$ 2,143,758	\$ 629,185

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2022, is as follows:

	Costs	Revenues
Year ending December 31:		
2023	\$ 77,200	\$ 255,800
2024	77,200	253,400
2026	77,200	248,300
2026	77,200	247,050
2027	77,200	232,175
Thereafter	237,515	907,033
	\$ 623,515	\$ 2,143,758



**THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – CONTRACT BALANCES (CONTINUED)**

*Disaggregation of Revenues*

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021 and 2020 is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 1,478,366	\$ 904,777	\$ 453,859
Performance obligations satisfied through the passage of time	192,916	226,004	23,387
Total revenues	<u>\$ 1,671,282</u>	<u>\$ 1,130,781</u>	<u>\$ 977,246</u>

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following at December 31:

	2022	2021
Furniture and equipment	\$ 21,517	\$ 11,711
Leasehold improvements	347,899	92,969
Total	369,416	104,680
Less accumulated depreciation	(49,103)	(41,040)
	<u>\$ 320,313</u>	<u>\$ 63,640</u>

Depreciation expense was \$8,063, \$8,141 and \$9,168 for the years ended December 31, 2022, 2021 and 2020.

**NOTE 6 – LONG-TERM DEBT**

Long-term debt consists of the following at December 31:

	2022	2021
Note payable with the Small Business Administration face amount of \$149,900, payable in 360 monthly installments of \$731 beginning November 2022 including interest at the rate of 3.75%	\$ 163,054	\$ 159,187
Note payable with the Small Business Administration face amount of \$50,000, of which \$45,091 was forgiven, payable in 18 monthly installments of \$312 beginning in 2022 including interest at the rate of 1%	-	5,567
	<u>\$ 163,054</u>	<u>\$ 167,754</u>

Interest expense was \$5,330, \$9,945, and \$0 for the years ended December 31, 2022, 2021, and 2020.



**THE DOG STOP FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – SECURED CONVERTIBLE NOTE PAYABLE**

On April 27, 2021, the Company and its members entered into a Secured Convertible Promissory Note Purchase Agreement with a private equity company (“PE”). Under the terms of the agreement the Company has issued a Secured Convertible Promissory Note (“Note”) to PE in the amount of \$ \$2,442,39. The funds are to be used by the Company to conduct its business and provide liquidity. Interest on the Note is accrued at the rate of 6% per annum through the maturity date of the Note. The Company may make payments of principal and interest from time to time as agreed by the parties and the outstanding principal and accrued interest is due and payable on May 1, 2026. Under the terms of the agreement the PE right to convert all unpaid principal and interest into the number of voting units of the Company’s Senior Securities that is equal to 45% of the Company’s issued and outstanding Equity Securities, subject to certain limitations and adjustments as defined in the agreement. The loan is secured by all assets of the Company.

Secured convertible note payable consists of the following at December 31:

	2021	2021
Secured convertible note payable	\$ 2,442,391	\$ 2,442,391
Accumulated interest	244,238	97,695
	\$ 2,686,629	\$ 2,540,086

Interest expense was \$146,543, \$97,695, and \$0 for the years ended December 31, 2022, 2021, and 2020.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

Operating Lease

The Company entered into an operating lease for office space in August 2018. Rent expense under the lease were \$19,760, 21,630 and \$21,569 for the years ended December 31, 2022, 2021, and 2020. The lease expires in August 2023.

The future minimum non-cancelable operating lease payments due are as follows:

	Amount
Year ending December 31: 2023	\$ 14,000

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

Date of Management’s Evaluation

Management has evaluated subsequent events through April 24, 2023, the date on which the financial statements were available to be issued.



**EXHIBIT C**

**FRANCHISE AGREEMENT**



**THE DOG STOP FRANCHISING, LLC**  
**FRANCHISE AGREEMENT**



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### ATTACHMENTS:

- Attachment A – Franchise Data Sheet
- Attachment B – Statement of Ownership
- Attachment C – Site and Territory
- Attachment D – Owners Agreement



## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered on the “Effective Date,” which is identified in Attachment A to this Franchise Agreement, by and between The Dog Stop Franchising, LLC, a Pennsylvania limited liability company whose principal business address is 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222 (“we”, “us” or “our”) and the “Franchise Owner” identified in Attachment A to this Franchise Agreement (“Franchisee,” “you”, or “your”). If more than one person or entity is listed as the Franchisee, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

### ARTICLE 1 PREAMBLES AND GRANT OF FRANCHISE

#### 1.1 Preambles

1.1.1 We and our affiliate have designed and developed a method of operating a dog care facility offering dog daycare, boarding, grooming, obedience training, in-home services, dog walking, as well as retail items including premium dog food, dog treats and accessories (the “Services”) operating under our Marks and System (each defined below). The businesses (each a “Franchised Business”) have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the “System”) includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time.

1.1.2 We and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating Franchised Businesses, including the mark “The Dog Stop®,” which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating Stops (collectively, the “Marks”).

1.1.3 We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, a franchise to own and operate a Franchised Business offering the products and services we authorize and using our System.

1.1.4 You have applied for a franchise to own and operate a Franchised Business, and we have approved your application relying on all of your representations, warranties and acknowledgments contained in such application and this Agreement.

#### 1.2 Grant of Franchise; Term

Subject to the terms of this Agreement, we grant you a franchise (the “Franchise”) to operate as a Franchised Business at the “Site” identified on Attachment C, and to use the Marks and the System in your operation for a term beginning on the date of this Agreement and expiring ten years from that date, unless sooner terminated as provided herein. You may renew this Agreement as described in Article 13.

#### 1.3 Territorial Rights

Upon our approval of the Site for your Franchised Business, we will describe your protected territory (the “Territory”) in Attachment C hereto. The Territory may be described in terms of zip codes or using geographic boundaries and may be depicted on a map attached to Attachment C. Except as limited



by Section 1.4 below, and provided that you are in full compliance with this Agreement, we and our affiliates will not operate or grant a franchise for the operation of another Franchised Business at a location within the Territory during the term of this Agreement. You may not directly solicit customers outside of your Territory, however you may provide services to customers who reside outside of your Territory. You shall not offer or sell any products or services by catalog, direct mail, telephone order, by use of electronic means (e.g., the Internet), or in any other medium not approved in writing by us.

#### **1.4 Rights Reserved to Us**

Except as expressly limited by Section 1.3 above, we and our affiliates retain all rights with respect to Franchised Businesses, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire, including, but not limited to:

1.4.1 the right to offer and sell and to grant others the right to offer, within or outside of your Territory, the products and services offered at Franchised Businesses, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

1.4.2 the right to own, franchise, establish and license to others to establish or operate Franchised Businesses located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Business;

1.4.3 the right to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes, but is not limited to, other channels of distribution such as catalog sales, fairs, expos, pet shows and the like, telemarketing or other direct marketing sales or over the Internet (together, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through Alternative Distribution Channels;

1.4.4 the right to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted to a new system with any business whether franchised or corporately owned, including a business that competes directly with your Franchised Business, provided that in such situations the newly acquired businesses will not operate under the Marks in your Territory;

1.4.5 the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

1.4.6 the right to engage in any other business activities not expressly prohibited by this Agreement, both within and outside your Territory.

We are not required to pay you if we exercise any of the rights specified above within your Territory. The continuation of the Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. We do not pay compensation for soliciting or accepting orders inside your Territory.

#### **1.5 Relocation**

You may not relocate your Franchised Business without our consent, which will not be unreasonably withheld. Your new location must be within your Territory. You shall use our then-current





criteria and requirements for locating a suitable replacement site for the Franchised Business and for constructing the Franchised Business at the new site.

## **ARTICLE 2**

### **SITE SELECTION AND OPENING OF BUSINESS**

#### **2.1 Acceptance of Site and Lease**

You must use a real estate brokerage firm that we designate to assist you in locating, determining the suitability of and negotiating for the site for your Franchised Business, and you shall pay any fees or commissions which are or may be required to be paid to the brokerage firm. You shall obtain our written acceptance of any proposed site for the Franchised Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted. We will periodically establish procedures for submitting requests for approval of professionals. You acknowledge that in approving a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics, traffic patterns, ingress and egress, proximity to major roadways, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the exclusivity granted to other franchisees of ours, the site's size, its appearance, and other physical characteristics.

Within five days after our receipt of all information we require concerning the proposed site, we will accept or not accept the site you propose for the operation of the Franchised Business by giving written notice to you. Unless we provide our specific acceptance of your proposed site, the site is deemed unaccepted. We will not unreasonably withhold our acceptance of a proposed site that meets our standards and specifications for a Franchised Business. You must find an approved site within 90 days of the Effective Date of the Agreement. Upon our acceptance of a proposed site for the Franchised Business, the Site's address of the Franchised Business will be inserted on Attachment C to this Agreement.

We, or our representative, will travel to the area in which you propose to locate your Franchised Business for location evaluation. If you or we determine that you need additional or longer evaluations, prior to any additional or longer evaluation, you will be required to pay us a non-refundable fee of \$300 per evaluation, plus any costs or expenses incurred in connection with each such evaluation.

You hereby acknowledge and agree that our acceptance of the Site does not constitute an expressed or implied assurance, representation or warranty of any kind as to the suitability of the site for a Franchised Business or for any other purpose. Our acceptance of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of evaluation. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures. You further acknowledge and agree that your acceptance of a franchise for the operation of the Franchised Business at the Site is based on your own independent investigation of the suitability of the Site.

Before you may execute a lease for the Site, you must submit the lease to us for our review and approval. Our approval will not be unreasonably withheld. At our request, you and your landlord must sign our then-current form of Lease Addendum and/or Collateral Assignment of Lease, the current form of which is attached to Exhibit H to the Franchise Disclosure Document.

#### **2.2 Build-Out of Site**

We shall provide you suggested prototype plans and standard design specifications for the design, interior layout, fixtures, displays, equipment, signs, color scheme and décor of your Franchised Business. We will provide guidance in the selection of design professionals, contractors, suppliers, and installers for



all aspects of building out your Franchised Business. You shall, at your expense, arrange to have construction plans for the build-out of your Franchised Business according to our standards and specifications. We reserve the right to designate or approve the architect you must use to build-out the Franchised Business according to the construction plans we have approved, and to inspect your Franchised Business during its construction. You understand and acknowledge that our review of your construction plans is only intended to verify that the plans conform to our specifications for the System and presentation of the Marks. Our review is not meant to assess any compliance with applicable laws or building codes, which responsibility is solely yours. You must submit your construction plans to us for our review and approval before you may begin building out your Franchised Business. Any changes to such construction plans must also be approved by us.

You must, at your expense, use a contractor that has been approved by us. If you choose to use a contractor that has not been approved by us, you must first submit a written request for approval including the information we request of the proposed contractor and obtain our approval before employing the contractor. We will, within a reasonable time (within five days), notify you of our decision. Unless we provide our specific approval of a proposed contractor, the contractor is deemed not approved. We will notify you in writing of our decision. We will periodically establish procedures for submitting requests for approval of professionals.

### **2.3 Operating Assets**

You agree to use in developing and operating the Franchised Business only such furniture, fixtures, equipment, supplies and other operating assets that we approve in writing from time to time for Franchised Businesses as meeting our specifications and standards for quality, design, appearance, function and performance (“Operating Assets”). A list of Operating Assets is included in the franchise operations manual (which is defined in Section 4.3) and is subject to change from time to time. You agree to place or display at the Site (interior and exterior) only the signs, emblems, lettering, logos and display materials that we approve in writing from time to time. If we require, you must purchase or lease only approved brands, types and/or models of Operating Assets and/or purchase or lease them only from suppliers we designate or approve from time to time (which may include or be limited to us and/or our affiliates). If you desire to use any Operating Asset that we have not yet evaluated, you may submit such Operating Asset for our consideration by following the procedure set forth in Section 8.3.

### **2.4 Computer and Network System**

You agree to use in operating the Franchised Business the computer equipment, hardware, and software (including, without limitation, laptops, desktops, point of sale systems, firmware, QuickBooks software, web technologies, or applications, internet access, modems, printers, scanners, or related equipment and methods of operation and maintenance thereof, and collectively, the “Computer System”), that we specify from time to time. We may periodically modify specifications for and components of the Computer System. Our modification of specifications for the Computer System and/or other technological developments or events may require you to purchase, lease and/or license new or modified, equipment, computer hardware and/or software and to obtain service and support for the Computer System, and we reserve the right to require that some of these purchases, leases, or licenses be paid to us or to approved suppliers. Although we cannot estimate the future costs of the Computer System, you agree to incur the costs of obtaining the equipment or the computer hardware and software comprising the Computer System (or additions or modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within 60 days after you receive notice from us, you agree to obtain the components of the Computer System that we designate and to ensure that your Computer System, as modified, is functioning properly. You understand that technology is dynamic, and there are no limitations on the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn out hardware or equipment for your Computer System.



Notwithstanding the fact that you must buy, use and maintain the Computer System under our standards and specifications, you will have sole and complete responsibility (including, without limitation, responsibility for the cost thereof) for: (1) the acquisition, operation, maintenance and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our computer system and those of other third parties; and (3) any and all consequences that may arise if the system is not properly operated, maintained and upgraded. You agree to maintain, at all times during the term of this Agreement, a high speed internet connection for your Computer System. You further agree to maintain a maintenance contract for the Computer System and a maintenance contract for upgrades to the required operational software. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Franchised Business, including all data protection or security laws.

In addition to using required Computer System(s), Franchisees must also acquire, use, and maintain our network program. This program will provide both network connection and network equipment to ensure standardization, uniformity, and enhanced security & performance across our entire franchise system.

## **2.5 Opening**

You agree not to open the Franchised Business for business until:

- 2.5.1 all persons that we require satisfactorily complete pre-opening training;
- 2.5.2 the initial franchise fee and all other amounts then due to us have been paid;
- 2.5.3 all amounts due and owing to suppliers has been paid;
- 2.5.4 you give us certificates for all required insurance policies or other evidence of insurance coverage and premium payment that we request;
- 2.5.5 the Franchised Business has been built-out, furnished, equipped and decorated according to our requirements and specifications;
- 2.5.6 you provide us with copies of all licenses and permits required for the Franchised Business's proper operation and any approval or condition set forth in this Agreement have been met;
- 2.5.7 we have approved your grand opening advertising campaign as provided in Section 9.5;
- 2.5.8 you have received our written approval to open the Franchised Business.

You agree to comply with these conditions and open the Franchised Business for business not later than 180 days after we have approved the location for your Franchised Business. Time is of the essence. If you fail to open your Franchised Business within the timeframe required herein, except for delay caused by circumstances outside of your control, we have the right to terminate this Agreement without providing you with a refund of any monies you have paid to us, unless we agree to provide you with an extension of the timeframe to open.



## **ARTICLE 3**

### **FEES**

#### **3.1 Initial Franchise Fee**

Except as otherwise provided in any Area Development Agreement between you and us, you agree to pay us, upon execution of this Agreement, a nonrecurring and non-refundable initial franchise fee (“Initial Franchise Fee”) in the amount of \$49,500, payable in a lump sum upon execution of this Agreement. The initial franchise fee is in consideration of all of our pre-opening assistance that we provide to allow you to open your Franchised Business and our lost or deferred opportunity to enter into this Agreement with others, and it offsets some of our expenses for franchisee recruitment. The Initial Franchise Fee is fully earned by us when received and is not refundable.

**The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.**

**The Illinois Attorney General’s Office has imposed a bond requirement due to Franchisor’s financial condition. This bond is on file with the Attorney General’s Office.**

If you are a qualified United States veteran, we will reduce the Initial Franchise Fee for your first Franchised Business by fifteen percent (15%).

#### **3.2 Royalty Fee**

You shall pay us, in the manner provided in Section 3.6, royalty fees (“Royalty Fee”) each week equal to six percent (6%) of gross sales (“Gross Sales”), to be withdrawn every Monday for the Gross Sales of the previous week (Monday-Sunday), based upon statistical reports generated by the Pet Exec Business Management System or any other software we designate. If Monday is a bank holiday, funds are due the following day. The Royalty Fee is an ongoing payment that allows you to use the Marks and the other intellectual property of the System and that pays for our ongoing support and assistance.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

#### **3.3 Brand Fund Contribution**

Recognizing the value of uniform national and regional advertising and promotion of the System, you, in further consideration of the grant of this license, agree to pay to us a non-refundable contribution (“Brand Fund Contribution”) to the Brand Development Fund (as hereinafter defined) equal to two percent (2%) of Gross Sales, payable each week at the same time and in the same manner as the Royalty Fee provided for in Section 3.2 and Section 3.6 hereof.

#### **3.4 Definition of “Gross Sales”**

As used in this Agreement, “Gross Sales” shall mean the revenues you receive from the sale of all goods, products and services sold at, from, or through your Franchised Business and all other income, revenue and consideration of every kind and nature related to the Franchised Business, whether for cash or credit, and regardless of collection in the case of credit, and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes you collect from customers and then paid directly to the appropriate taxing authority; and (b) any bona fide refunds you make to customers.



### **3.5 Technology Fee**

You shall pay us, a technology fee each month (“Technology Fee”) at the then-current fee (currently \$500 per month) beginning the earlier of: (i) 3 months after signing the Agreement; or (ii) immediately upon opening the Franchised Business. The Technology Fee is payable on the first day of each month. The Technology Fee covers certain technologies, such as the point of sale software, accounting software, internal communications tools, CRM, and email hosting, utilized in the Franchised Business. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. We reserve the right to: (i) upgrade, modify and add new technologies and software, in which case you will be responsible for any increase in fees that results from such upgrades, modifications or additional software; (ii) change or add approved suppliers of these services at any time in our sole discretion; (iii) enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology; (iv) create proprietary software or technology that must be used by our franchisees, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees; and (v) increase or decrease the Technology Fee upon 30 days’ notice to you.

### **3.6 Electronic Funds Transfer**

All Royalty Fees, Brand Fund Contributions, Technology Fees, and other fees payable hereunder shall be made via weekly electronic funds transfer or automatic debit of funds, in a method determined by us in our sole discretion. You shall sign and deliver to us the EFT authorization (in the form attached to the Franchise Disclosure Document in Exhibit H) and any documents required to authorize us to debit your bank account automatically for the Royalty Fee, Brand Fund Contribution, Technology Fee, and other amounts due under this Agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date. We reserve the right to require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Agreement.

If the Royalty Fee and Brand Fund Contribution we debit are less than the Royalty Fee and Brand Fund Contribution you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Fund Contribution we debit are greater than the Royalty Fee and Brand Fund Contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week. Reasons the amount taken from your account may vary from what you owe us could be due to arithmetic mistake, revenues were not reported correctly, etc.

### **3.7 Application of Payments and Right of Set-Off**

Notwithstanding any designation by you, we may apply any of your payments to any of your past due indebtedness to us (or our affiliates). We may set-off any amounts you owe us or our affiliates against any amounts we or our affiliates might owe you. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement or any other agreement between us (and/or our affiliates) and you.

### **3.8 Non-Compliance Fee**

In the event you are, at any time during the term of this Agreement, found to not be in compliance with the terms hereof and/or the System Standards or this Agreement, you agree to pay to us \$100 the first time you are found to not be in-compliance with the System; \$250 for the second time you are found to not be in-compliance with the System; and \$500 for the third and any subsequent times you are found to not be in-compliance with the System. If your non-compliance is monetary in nature, we reserve the right to notify



your credit union or other banking institution that issued a loan or line of credit for the Franchised Business of your failure to comply with this Agreement. You agree that such fee and banking notification is in addition to any other rights or remedies we may have under this Agreement or at law.

We reserve the right to grant you the opportunity to cure the non-compliance prior to imposing the Non-Compliance Fee. We have the right to require any form of verification to determine non-compliance, with or without cause, including but not limited to documentation, photos, video tours, etc. and that you shall be required to furnish such verification within 72 hours of our request. We have the right to make personal visits without notice to the Franchised Business.

### **3.9 Late Fee**

Any payment not made by the due date will be deemed overdue. In the event of any overdue amounts, you will pay us, besides the overdue amounts, a late fee equal to \$100 per occurrence plus the lesser of the daily equivalent of one and one-half percent (1.5%) per month simple interest or the highest amount allowed under law, on any overdue amount for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments. Notwithstanding the foregoing, each failure to pay the Royalty Fees, Brand Development Fund Contributions, Technology Fees, or other payments payable to us when due will be a material breach of this Agreement. You agree that such fee is in addition to any other rights or remedies we may have under this Agreement or at law. The foregoing shall not apply if the lateness is the result of our failure to debit your account in a timely manner.

The acceptance of any interest payment by us shall not be construed as a waiver of any other rights or remedies available to us under this Agreement or at law and shall be without prejudice to our right to terminate this Agreement with respect to such default in accordance with the provisions of this Agreement.

### **3.10 Payment of Additional Fees**

You shall pay such other fees or amounts described in this Agreement.

## **ARTICLE 4 TRAINING AND ASSISTANCE**

### **4.1 Training**

Before the Franchised Business opens, we will conduct one training course for you and at least two additional persons on the operation of a Franchised Business. We will not limit the number of trainees you can send to our initial training course; however, at a minimum you must be one of the trainees as well as at least two (2) additional individuals to serve as managers of the Franchised Business. If you request that we provide our training program on additional occasions, whether before your Franchised Business opens or while it is operating, you shall pay our then-current training fee for each additional trainee, and you shall pay any expenses associated with that training. We will provide approximately ten days of training at our designated training site (which may include our headquarters, an operating Franchised Business and/or another location). We will also provide you with up to five days of additional training at your Franchised Business in preparation for, and during opening. Initial training will be held at such time and location and for such duration as we designate. You (or your Designated Owner if you are an entity) and your General Manager (if any) identified in Section 8.8 must complete the initial training to our satisfaction and participate in all other activities we require not later than 30 days before opening the Franchised Business. We provide this training at no additional fee; however, you must pay all travel and living expenses which you and your trainees incur in connection with such training, including, but not limited to, travel, lodging, meals and applicable wages. You agree to replace any General Manager if we determine that he or she is





not qualified and/or has not completed our training program to our satisfaction, and to pay our then-current fee for training his or her replacement. All upper management personnel whom you hire must complete our initial training program to our reasonable satisfaction. Unless we have stated otherwise in writing to you, all other employees you hire, such as, but not limited to, handlers, receptionists, etc., shall be required to complete our online training courses and pass the corresponding exams prior to beginning employment.

We may offer to you and/or your employees refresher training courses, and we may designate that attendance at such training courses is mandatory. We will not charge a separate fee for such refresher training, but you shall be solely responsible for the expenses you and/or your employees incur while attending such courses, including travel, lodging, meals and wages.

In the event you request that we provide additional training or assistance on-site at your Franchised Business, or if we determine that you require additional training, you shall pay our then-current fee for such training and you shall reimburse our representative's expenses in connection with such training or assistance, including, but not limited to, travel, lodging and meals.

#### **4.2 Ongoing Guidance**

We will advise you regarding the Franchised Business's operation based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Franchised Businesses use; purchasing required Operating Assets and inventory; advertising and marketing programs; and employee training, administrative, bookkeeping, and accounting procedures. We will guide you in our Franchise Operations Manual, bulletins, or other written materials, emails, during telephone consultations, and/or during consultations at our office or at your Franchised Business. We are not obligated to perform services set forth in this Agreement to your particular level of satisfaction, but as a function of our experience, knowledge and judgment. We do not represent or warrant that any other services will be provided to you, other than as set forth in this Agreement. To the extent any other services, or any specific level or quality of service is expected, you must obtain a commitment to provide such service or level of service in writing signed by our authorized officer.

#### **4.3 Franchise Operations Manual**

We will loan to you, to use in operating the Franchised Business during this Agreement's term, one copy (or access to an electronic copy) of our franchise operations manual ("Franchise Operations Manual"), which might include audiotapes, videotapes, computer disks, compact discs and/or written materials. We may provide the Franchise Operations Manual in hard copy format or electronic format, such as USB drive or a password-protected Website. You agree to develop and operate the Franchised Business pursuant to this Agreement and the Franchise Operations Manual, including all directives, requirements, standards, methods of operations, systems and any and all modifications, additions, deletions and changes made to the Franchise Operations Manual from time to time during the term of this Agreement (collectively, "System Standards"), however communicated including, but not limited to intranet system, email, fax, video, verbal or mail. You agree to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply at your sole cost. The Non-Compliance Fee described in Section 3.9 shall apply to this Section 4.3 if you fail to implement the changes. You agree to keep your copy of the Franchise Operations Manual current and in a secure location at the Franchised Business. If there is a dispute over the contents of the Franchise Operations Manual, the master copy of the Franchise Operations Manual at our office controls. You agree that the contents of the Franchise Operations Manual are confidential and that you will not disclose the Franchise Operations Manual to any person other than Franchised Business employees and/or independent professionals who need to know its contents. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Franchise Operations Manual. In the event you require a replacement copy of the Franchise Operations Manual, if a hard copy of the Franchise Operations Manual was provided to you, you



agree to pay our then-current replacement fee for the replacement volume of the Franchise Operations Manual.

#### **4.4 Delegation of Performance**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

#### **4.5 Franchisee Meetings**

We reserve the right to hold a meeting or convention of our franchisees, which will not be held more frequently than annually. We also reserve the right to hold regional meetings of our franchisees not more than twice a year. We may designate that attendance at a franchisee meeting by you and/or any Designated Owner or General Manager is mandatory. We may conduct franchisee meetings to discuss new procedures or protocols, marketing strategies, new products and/or to provide training. We may designate the location of the meeting, but we will not designate an unreasonably expensive location. We will not charge a fee to attend the meeting, but you are responsible for all expenses incurred by you, your manager and/or any other attendees at the franchisee meeting, including travel, lodging, meals, applicable wages and any meeting supplies or material we designate.

### **ARTICLE 5** **MARKS**

#### **5.1 Ownership and Goodwill of Marks**

You acknowledge that the Marks are owned by us or our affiliate, and that any references to our right, title or interest in the Marks in this Article 5 shall include the owner's right, title or interest. You agree that your right to use the Marks is derived only from this Agreement and is limited to your operating the Franchised Business according to this Agreement and all System Standards we prescribe during its term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are for our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we authorize you to use.

#### **5.2 Limitations on Your Use of Marks**

You agree to use the Marks as the sole trade identification of the Franchised Business, provided that you shall identify yourself as the independent owner of the Franchised Business in a manner acceptable to us. You may not use any Mark or any variation thereof (1) as part of any corporate or legal business name, (2) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, electronic address or search engine you maintain on any website; (5) in any other manner we have not expressly authorized in writing; or (6) that may damage or cause harm to us, our affiliates, the Marks, the System or our principals. You may not make any disparaging remarks related to us, our affiliates, our franchisees, the Marks, the System or our principals. You may not use any Mark in advertising the transfer, sale or other disposition of the Operating Assets or the Franchised Business without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe at the Franchised Business and on forms, advertising and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.





### **5.3 Notification of Infringements and Claims**

You agree to notify us immediately of any apparent infringement of or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us and our attorneys, and your attorneys, regarding any infringement, challenge or claim. We may take the action we deem appropriate (including no action) and may control exclusively any settlement, litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising from any infringement, challenge or claim or otherwise concerning any Mark. You agree to sign any documents and take any actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

### **5.4 Discontinuance of Use of Marks**

If we believe at any time that it is advisable for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses in complying with these directions (such as costs you incur in changing the Franchised Business's signs or replacing supplies), for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

### **5.5 Indemnification for Use of Marks**

You will promptly notify us of any suspected unauthorized use of, or any challenge to the validity or use of, or your right to use, the Marks we license to you. You acknowledge we will have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. We will have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Marks under this Franchise Agreement. If we, in our sole discretion, determine you have used the Marks as authorized under this Franchise Agreement, we will pay for such defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine you have not used the Marks as authorized under this Franchise Agreement, you will pay for such defense, including the cost of such litigation, including without limitation, our attorney's fees and the cost of any judgment or settlement. If any litigation occurs relating to your use of the Marks, you will execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except if such litigation results from your use of the Marks in a manner inconsistent with this Franchise Agreement, we agree to reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation, excluding the compensation costs of your employees.

## **ARTICLE 6** **CONFIDENTIAL AND GENERAL INFORMATION**

### **6.1 Confidential Information**

We and our affiliates possess (and will continue to develop and acquire) certain confidential information relating to the development and operation of the Franchised Business (the "Confidential Information"), which includes (without limitation):

6.1.1 methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge and experience used in developing and operating the Franchised Business (including, without limitation, the System Standards);



6.1.2 market research and promotional, marketing and advertising programs for the Franchised Business;

6.1.3 knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, materials, equipment and fixtures that the Franchised Business uses;

6.1.4 knowledge of the operating results and financial performance of our business, System, and franchisees other than your Franchised Business;

6.1.5 client communication programs, along with data used or generated in connection with those programs;

6.1.6 the terms of this Agreement;

6.1.7 the Franchise Operations Manual;

6.1.8 graphic designs and related intellectual property; and

6.1.9 the Client Database (as described in Section 6.3 below).

## **6.2 Restriction on Use of Confidential Information**

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use certain Confidential Information in operating the Franchised Business during this Agreement's term and according to this Agreement's terms and conditions, and that your use of any Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees and may violate certain laws. You further acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your Owners, managers, employees and/or independent contractors who have access to it agree, and they do agree, that you and they:

6.2.1 will not use any Confidential Information in any other business or capacity;

6.2.2 will keep the Confidential Information absolutely confidential during and after this Agreement's term;

6.2.3 will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and

6.2.4 will adopt and implement all reasonable procedures that we periodically prescribe to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Business personnel and others needing to know such Confidential Information to operate the Franchised Business, and requiring all employees and independent contractors having access to Confidential Information to sign confidentiality and non-competition agreements in a form acceptable to us. We have the right to regulate the form of confidentiality and non-competition agreement that you use and to be a third party beneficiary of that agreement with independent enforcement rights.

You must disclose to us all ideas, techniques, services and products concerning the development and operation of the Franchised Business that you or your employees conceive or develop during the term of this Agreement. You must grant to us and agree to obtain from your owners or employees a perpetual,



non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of Franchised Business that you or your employees conceive or develop during the term of this Agreement—and any Area Development Agreement between you and us—in all pet-related product and service businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval. Such ideas, techniques, services and products will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of that item, and all related rights to that item, to us and agree to sign whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the item.

“Confidential Information” does not include information, knowledge or know-how which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of this Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree that failure to comply with the terms of this Article 6 will cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Article 6 will entitle us to injunctive and all other equitable relief that a state or federal court nearest to our principal place of business (currently Pittsburgh, PA) or any other court with jurisdiction may deem just and proper. We may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you or your Owners may have against us, regardless of cause or origin, cannot be used as a defense against our enforcement of this Article 6.

### **6.3 Client Database**

You agree that the list of the names, addresses and other information regarding your current clients, former clients, and those who have inquired about the Services (the “Client Database”) shall be included in the Confidential Information, shall be our property and shall constitute a trade secret of ours. You agree that you may not disclose the Client Database, or any portion thereof, to any person other than us either during the term of this Agreement or thereafter. You further agree that a breach of this Section shall be grounds for immediate termination of this Agreement pursuant to Section 14.1.12.

## **ARTICLE 7** **EXCLUSIVE RELATIONSHIP**

You and your Owners acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You and your Owners therefore agree that, during this Agreement’s term, neither you, nor any Owner, nor any member of your or an Owner’s immediate family will:



(a) have any direct or indirect, controlling or non-controlling interest as an owner (whether of record, beneficial or otherwise), or lend money to, a Competitive Business (defined below), wherever located or operating;

(b) perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating; or

(c) divert or attempt to divert any actual or potential business or client of the Franchised Business to a Competitive Business.

The term “Competitive Business” means any business that provides dog care services, or any business which grants franchises or licenses to others to operate such a business, other than a Franchised Business operated under a franchise agreement with us. You and your Owners also agree that they will not, during the term of this Agreement, operate or otherwise become affiliated with any website involving, referring to, or in any way related to a Competitive Business. Competitive Business shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered and publicly-traded under the Securities Exchange Act of 1934.

## **ARTICLE 8**

### **BUSINESS OPERATION AND SYSTEM STANDARDS**

#### **8.1 Condition and Appearance of the Franchised Business**

You agree that you will not use the Franchised Business or any part of the Site for any business purpose other than operating a Franchised Business in compliance with this Agreement, and that you will place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time. You further agree to maintain the condition and appearance of the Franchised Business, its Operating Assets and the Site (including any parking area) in accordance with the System Standards and consistent with the image of a Franchised Business as an efficiently operated business offering high quality products and services and observing the highest standards of cleanliness and efficient, courteous service. We shall have the right to inspect the Franchised Business with or without advance notice to you as outlined in Article 11 of this Agreement. Therefore, you agree to take, without limitation, the following actions during this Agreement’s term at your expense: (a) thorough cleaning, repainting and redecorating of the interior and exterior of the Site at intervals that we may prescribe; (b) interior and exterior repair of the Site as needed; and (c) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may prescribe (or, if we do not prescribe an interval for replacing any Operating Asset, as that Operating Asset needs to be repaired or replaced).

Notwithstanding the generality of the foregoing paragraph, and in addition to periodic technological upgrades and general maintenance of the Franchised Business, we have the right to require you to refurbish, renovate and/or redecorate your Franchised Business to meet our then-current image for new Franchised Businesses entering the System. We do not anticipate making this request more frequently than every five years during the term of this Agreement. We also have the right to make this request upon renewal or transfer of this Agreement. You agree to incur any expenses related to such refurbishment, renovation and/or redecoration.

#### **8.2 Products and Services the Franchised Business Offers**

You agree that you (a) will offer and sell from the Franchised Business only the products and services that we periodically specify; (b) will not offer or sell at the Franchised Business, the Site or any



other location any products or services we have not authorized; and (c) will discontinue selling and offering for sale any products or services that we at any time disapprove.

You acknowledge that every detail of the quality of client service, client relations, appearance and demeanor of you and your employees and/or independent contractors, equipment and materials use by you in the Franchised Business is important to us, the System, and to other franchisees. We will try to maintain high standards of quality and service by all Franchised Businesses. You must cooperate with us by maintaining our high standards in the operation of your Franchised Business and you must give prompt, courteous and efficient service to your clients. All work performed by the Franchised Business will be performed competently and in a workmanlike manner. The Franchised Business will in all dealings with its clients, suppliers and the public adhere to the highest standards of honesty, fair dealing and ethical conduct. Any complaints you receive from a client must be handled by you or your manager.

If in the event we deem an employee, independent contractor or volunteer at the Franchised Business a threat or danger to the welfare of an animal, customer or employee or whose conduct is a threat to the goodwill associated with the Marks, your Franchised Business or other franchisees, we reserve the right to require you to terminate the employee and ban the individual from the premises effective immediately as permitted by law.

### **8.3 Approved Products, Services, and Suppliers**

We reserve the right to periodically designate and approve standards, specifications, suppliers and/or distributors of the Operating Assets and the products and services that we periodically authorize for use or sale at or in the Franchised Business. During this Agreement's term you must purchase or lease all Operating Assets and other products and services for the Franchised Business only according to our standards and specifications and, if we require, only from suppliers or distributors that we designate or approve (which may include or be limited to us and/or our affiliates). You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases (including, without limitation, from charging you for products and services we or our affiliates provide to you and from payments made to us by suppliers that we designate or approve for some or all of our franchisees).

We strictly prohibit any form of solicitation, distribution or display of any materials in the Franchised Business that have not been requested by us, provided for in the Franchise Operations Manual or other written communication or expressly approved by us in writing. We reserve the right to withdraw any approval we provide at any time and for any reason.

Upon our request, or if you want to use any Operating Assets or products that we have not yet evaluated or want to purchase any item from a supplier or distributor that we have not yet approved (for items that we require you to purchase from designated or approved suppliers or distributors), you first must submit sufficient information, specifications and samples for us to determine whether the item complies with our standards and specifications or the supplier or distributor meets our criteria. You agree to reimburse the actual cost of any test. We may condition our approval of a supplier or distributor on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any independent, certified laboratory which we designate for testing. We reserve the right periodically to re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet our criteria.



You acknowledge, understand and agree that your failure to purchase items from the approved suppliers and/or failure to purchase only the products and services we designate or approve shall be an event of default under this Agreement which will require, among other things, that you pay to us the non-compliance fee described in Section 3.9 above.

You agree to maintain minimum levels of inventory in the Franchised Business at all times as set forth in the Franchise Operations Manual or otherwise prescribed by us. The minimum inventory levels may depend on the location and size of your Franchised Business, and the demographics of your Territory.

#### **8.4 Compliance with Laws and Good Practices**

You must secure and maintain in force throughout this Agreement's term all required licenses, permits and certificates relating to the provision of the Services and Franchised Business operation, and operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. The Franchised Business must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You shall participate in any customer surveys and satisfaction audits which may require you to provide discount or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Franchised Businesses.

You must notify us in writing within three business days of: (a) the commencement of any action, suit or proceeding relating to the Franchised Business; (b) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to the Franchised Business (including, without limitation, the revocation or threatened revocation of any license, permit or certification applicable to the Franchised Business); (c) any notice of violation from a governing authority of any law, ordinance or regulation relating to the Franchised Business; and (d) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to the Franchised Business. You must immediately provide to us copies of any documentation you receive of events in (a) through (d) above. If we believe you are not adequately responding to or handling any event listed in (a) through (d), we reserve the right to require you to resolve the matter in a prompt and reasonable manner in accordance with good business practices, we may require you to participate in consultation, issue resolution and/or retraining to address such matters, and we may charge you for such ongoing guidance in accordance with Section 4.2 herein.

You and your Owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Owners, or any blocking of your or your Owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 14.





## **8.5 Insurance**

You shall procure, at your sole expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting you, us, our respective officers, directors, partners and employees against any loss, liability, personal injury, death or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as we may reasonably require for our own and your protection. You shall ensure that we and our affiliates are named as additional insureds in such policy or policies (except for employment liability insurance policies).

Such policy or policies shall be underwritten by an insurance company licensed in the state in which you operate in accordance with standards and specifications set forth in the Franchise Operations Manual, shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by us in the Franchise Operations Manual or otherwise in writing), the following: (1) comprehensive general liability coverage, including products liability coverage, and liability coverage of owned and non-owned automobiles, under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence for bodily injury and property damage, and multi-peril package, and umbrella coverage of an additional \$1,000,000; (2) business interruption for a period adequate to re-establish normal business operations; (3) workers' compensation and employer's liability insurance as well as any other insurance that may be required by statute or rule in the state in which your Franchised Business is located; and (4) any other insurance that we may require in the future or that may be required according to the terms of your lease.

The amounts required herein may be modified from time to time by us to reflect inflation or future experience with claims. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by us. Within 60 days of the signing of this Agreement, but in no event later than 30 days prior to commencement of operations of the Franchised Business, a Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by you to us for approval. Such certificate shall state that said policy or policies shall not be canceled or altered without at least 30 days' prior written notice to us and shall reflect proof of payment of premiums. You shall be subject to the non-compliance fee described in Section 3.9 above for each certificate that has not been submitted to us. Maintenance of such insurance and the performance by you of the obligations under this Article 8 shall not relieve you of liability under the indemnity provision set forth in this Agreement. Minimum limits as required above may be modified from time to time by us, as conditions require, by written notice to you.

Should you, for any reason, not procure and maintain such insurance coverage as required by this Agreement, we shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to you, which charges, together with a \$500 administrative fee for our expenses and efforts in connection with such procurement, shall be payable by you immediately upon notice.

## **8.6 Compliance with System Standards**

You acknowledge and agree that operating and maintaining the Franchised Business according to System Standards is essential to preserve the goodwill of the Marks and the goodwill of all Franchised Businesses. Therefore, you agree at all times to operate and maintain the Franchised Business according to each and every System Standard, as we periodically modify and supplement them. System Standards may regulate any aspect of the Franchised Business's operation and maintenance, including but not limited to any one or more of the following:

8.6.1 sales, marketing, advertising and promotional programs and materials and media used in these programs;



8.6.2 staffing levels for the Franchised Business and employee and/or independent contractor's qualifications, training, dress and appearance (although you have sole responsibility and authority concerning staff selection and promotion, hours worked, rates of pay and other benefits, work assigned and working conditions);

8.6.3 use and display of the Marks;

8.6.4 days and hours of operation, subject to applicable law and/or the terms of the Site's lease;

8.6.5 methods of payment that you may accept from clients;

8.6.6 participation in market research and testing and product and service development programs;

8.6.7 bookkeeping, accounting, data processing and record keeping systems and forms; formats, content and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning the Franchise (we will use reasonable efforts to keep such records confidential);

8.6.8 types, amounts, terms and conditions of insurance coverage required for the Franchised Business, including criteria for your insurance carriers; and

8.6.9 any other aspects of operating and maintaining the Franchised Business that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Franchised Businesses.

You agree that System Standards we prescribe in the Franchise Operations Manual, or otherwise communicate to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified. Subject to your rights under Section 8.1 relating to alterations to the Franchised Business's appearance, layout and/or design and/or replacement of a material portion of your Operating Assets, you acknowledge that our periodic modification of the System Standards (including, without limitation, changes to the hardware and software required for the Computer System) may obligate you to invest additional capital in the Franchised Business and/or incur higher operating costs.

## **8.7 Pricing**

With respect to the offer and sale of all Services, we may from time to time offer guidance with respect to the selling price for such Services, but you shall be free to set your own prices. If you elect to sell any or all of your Services at any price recommended by us, you acknowledge that we have made no guarantee or warranty that offering such Services at the recommended price will enhance your sales or profits.

## **8.8 Management**

If you are an entity, you shall complete and update throughout the term of this Agreement, as necessary, the statement of ownership attached hereto as Attachment B. The Franchised Business shall be managed by you, or if you are an entity, by one of your shareholders, partners, or members who is a natural person, holding at least a ten percent (10%) interest in the franchisee entity, and who is designated in writing to us as the person to make all decisions for the franchisee entity and to be principally responsible for





communicating with us about the Franchised Business (“Designated Owner”). Under certain circumstances we may allow you to appoint a designated manager (“General Manager”) to run the day-to-day operations of your Franchised Business; the General Manager need not have an ownership interest in the franchisee entity. In addition, if you are an entity, all persons who own more than twenty percent (20%) of the beneficial ownership interests in the entity and each such person’s respective spouse shall guaranty franchise owner’s performance under this Agreement by signing the Owners Agreement attached hereto as Attachment D. The Designated Owner shall have the authority to speak for and bind franchise owner in all matters pertaining to this Agreement, and all matters relating to the Franchised Business.

You must at all times faithfully, honestly, and diligently perform your contractual obligations. System Standards may regulate the staffing levels and employee qualifications, training, dress, and appearance of the Franchised Business. Any Designated Owner or General Manager must complete the mandatory training to our satisfaction.

Either you, or your Designated Owner if you are an entity, and any General Manager must be present to operate the business during business hours. If your Designated Owner or General Manager resigns, is terminated, or is otherwise no longer performing as a Designated Owner or General Manager, you must designate a replacement Designated Owner or General Manager (either, a “Replacement”), as applicable, and we must pre-approve the Replacement in writing. Before being employed as Designated Owner or General Manager, the Replacement must complete the mandatory training to our satisfaction. You must pay our then-current fee for the Replacement’s training and you must pay for your Replacement’s costs in attending training, including travel, lodging, meals and wages.

Any General Manager and, if you are an entity, an officer that does not own equity in the franchisee entity, must sign the “System Protection Agreement,” the form of which is attached to the Franchise Disclosure Document in Exhibit H. All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to the Franchise Disclosure Document in Exhibit H.

## **ARTICLE 9**

### **ADVERTISING AND MARKETING**

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

#### **9.1 Participation in Advertising**

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

#### **9.2 Local Advertising**

In addition to the Brand Fund Contribution set forth herein, you shall, throughout the term of this Agreement, conduct advertising for the Franchised Business in your Territory (“Local Advertising”). During the first year of operation, you shall spend not less than four percent (4%) of Gross Sales each quarter for Local Advertising, and after the first year and for the remaining term of this Agreement you shall spend not less than two percent (2%) of Gross Sales each quarter for Local Advertising (each a “Local



Advertising Requirement”). You shall submit to us, within 30 days of our request, advertising expenditure reports accurately reflecting your Local Advertising expenditures, including verification copies of all advertising and any other information that we require. If you fail to spend at least the Local Advertisement Requirement in any given quarter, you will be required to pay to us the difference what you actually spent and the Local Advertising Requirement. Once you have paid that deficiency to us, we will then contribute that amount to the Brand Development Fund.

You understand and acknowledge that you shall not engage in any promotional activities or sell any products or services, whether directly or indirectly, through or on the Internet or any other similar proprietary or common carrier electronic delivery System; through catalogs or other mail order devices sent or directed to customers or prospective customers located outside of your Territory; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located outside of your Territory. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, you will not be deemed to be in violation of the Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory. You may not directly solicit customers outside of your Territory.

### **9.3 Brand Development Fund**

We have established a system-wide brand fund for our use in promoting and building The Dog Stop brand (the “Brand Development Fund”). You must contribute two percent (2%) of Gross Billings each week to the Brand Development Fund (the “Brand Fund Contribution”). This Brand Fund Contribution will be due at the same time and in the same manner as Royalty Fees. The Brand Development Fund shall be used by us for such national and regional advertising programs as we may deem necessary or appropriate, in our sole discretion, as follows:

9.3.1 We shall direct all national and regional advertising programs with sole discretion over the creative concepts, materials, endorsements and media used therein, and the placement and allocation thereof. You understand and acknowledge that the Brand Development Fund is intended to maximize general public recognition and acceptance of the System and the Marks for the benefit of all Franchised Businesses operating under the System, and that we undertake no obligation in administering the Brand Development Fund to ensure that expenditures from the Brand Development Fund are proportionate or equivalent to your contributions made for your Franchised Business, or that any particular Franchised Business, franchisee or franchisees operating in a geographic area benefits directly or pro rata from the placement of any such advertising.

9.3.2 You agree that the Brand Development Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional advertising materials, programs and public relations activities (including, without limitation, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). The Brand Development Fund shall be maintained in a non-interest bearing account that is separate from our general funds, and shall not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Brand Development Fund and its advertising programs. We have the right to reimburse ourselves out of the Brand Development Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Fund



Contribution (including attorneys', auditors' and accountants' fees, salaries and other expenses incurred in connection with collecting any Brand Fund Contribution).

9.3.3 An unaudited statement of the operations of the Brand Development Fund shall be prepared annually by our accountants and shall be made available to you on written request. The cost of the statement shall be paid by the Brand Development Fund. Except as expressly provided in this Section 9.3, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Development Fund.

9.3.4 Certain Dog Stop businesses owned by us or our affiliates shall make contributions to the Brand Development Fund as are required to be contributed by franchisees generally within the System.

9.3.5 Any monies remaining in the Brand Development Fund at the end of any year will carry over to the next year. Although the Brand Development Fund is intended to be of perpetual duration, we reserve the right to terminate the Brand Development Fund at any time. The Brand Development Fund shall not be terminated, however, until all monies in the Brand Development Fund have been expended for advertising or promotional purposes or returned to contributing The Dog Stop franchised businesses or those operated by us, without interest, on the basis of their respective contributions.

9.3.6 If we elect to terminate the Brand Development Fund, we may, in our sole discretion, reinstate the Brand Development Fund at any time. If we so choose to reinstate the Brand Development Fund, said reinstated Brand Development Fund shall be operated as described herein.

#### **9.4 Conduct of Advertising; Our Approval**

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Franchise Operations Manual or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us. All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or as otherwise provided by us. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the 12 months prior to their proposed use. You shall submit such unapproved plans and materials to us not later before you intend to use such materials, and we will respond in writing within 30 days from the date we receive all requested information. If we do not provide our specific approval of the proposed materials within this 30 day period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the Internet or via other means of advertising through telecommunication without our express written consent.

We reserve the right to require you to include certain language on all advertising to be used locally by you, including, but not limited to, "Franchises Available" and/or "Each Franchise Location Independently Owned and Operated", and reference to our telephone number and/or Website. All of your advertising must also comply with any applicable laws or regulations.

#### **9.5 Grand Opening Advertising**

In addition to the ongoing advertising expenditures set forth herein, you shall be required to spend a *minimum* of \$15,000 on a grand opening advertising campaign to advertise the opening of Franchised Business. The grand opening advertising campaign must be conducted in the 75 days before and 30 days



after the opening of your Franchised Business. Your grand opening advertising campaign, including the beginning and ending dates, must be approved by us before you may begin the campaign. You may include brochures, newspaper advertising, billboards, internet marketing, social media, direct mailings, and flyers. You may not mail any advertising until you have received our approval of your grand opening advertising campaign.

## **9.6 Websites**

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Franchised Business a “click through” subpage at our website for the promotion of your Franchised Business. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

Any websites or other modes of electric commerce that we establish or maintain may—in addition to advertising and promoting the products, programs or services available at Franchised Businesses—also be devoted in part to offering franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Franchised Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates “The Dog Stop” name or any name confusingly similar to the Marks.

You are not permitted to promote your Franchised Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, Pinterest, Instagram, LinkedIn or Twitter, or any other website, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your operation of the Franchised Business, including reasonable prohibitions on you and your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us (“social media” includes, without limitation, personal blogs, social networking sites like Facebook, Pinterest and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, crowd-funding, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

## **9.7 Advisory Council**

We reserve the right to establish an advisory council comprised of franchisees and our representatives. Franchisee participants will be chosen by us or may be elected by other franchisees in the



System. If you are selected to participate on an advisory council, we will pay all expenses you incur related to your participation, such as travel and boarding expenses to attend council meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. The advisory council would be governed by bylaws. We have the right to establish, change, merge or dissolve any advisory council at any time. We shall also have the right to remove council members in our discretion.

## **9.8 Cooperative Advertising**

We may, in our discretion, create a regional advertising cooperative (“Cooperative”) in any area where two or more Franchised Businesses are located, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which your Franchised Business is located. In no event may the Franchised Business be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. You shall make contributions to the Cooperative in such amounts at the times and in the manner as determined by majority vote of the Cooperative members, subject to our approval. Any amounts that you contribute to a Cooperative will count toward your Local Advertising requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on Local Advertising you must spend the difference locally. The following provisions apply to each Cooperative:

9.8.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

9.8.2 the Cooperative must be organized for the exclusive purpose of administering marketing programs; developing, subject to our approval, standardized promotional materials for the members’ use in Local Advertising within the Cooperative’s area;

9.8.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

9.8.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each franchised business having one vote (including businesses we own that exist within the Cooperative’s area), but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

9.8.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any marketing or promotional plans or materials; all such plans and materials must be submitted to us for our approval in accordance with the procedure set forth in Section 9.4;

9.8.6 no later than the 15<sup>th</sup> day of each month, each member/franchisee must submit its contribution to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

9.8.7 if an impasse occurs because of a Cooperative members’ inability or failure, within 45 days, to resolve any issue affecting the Cooperative’s establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.



**ARTICLE 10**  
**RECORDS, REPORTS AND FINANCIAL STATEMENTS**

**10.1 Maintenance of Records**

10.1.1 You shall maintain throughout the term of this Agreement, and shall preserve for a period of five years after termination or expiration of this Agreement, computer record backups, and other related backups, in the form prescribed by us from time to time in the Franchise Operations Manual or otherwise in writing.

10.1.2 You shall maintain during the term of this Agreement, and shall preserve for at least five years from the dates of their preparation, full, complete, and accurate books, records, computer record backups and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Franchise Operations Manual or otherwise in writing.

**10.2 Reporting Financial Information**

We require the use of QuickBooks and Pet Exec for the accounting necessary to operate your Franchised Business. We may, at any time require you to update your QuickBooks software or utilize QuickBooks subscription or cloud based services, and you must update your QuickBooks software at your own expense. We have the right at all times to independently access the information and data on your computer system, and to collect and use your information and data in any manner we choose to promote the development of the System and the sale of franchises. The information we may download includes financial and sales information, reservation information, client database, and similar information concerning your operation of the Franchised Business. There is no contractual limitation on our right to receive information through your computer system. You must make sure that we have electronic access to your computer system at all times, at your expense.

**10.3 Annual Reports**

You shall, at your expense, provide to us an annual profit and loss statement and balance sheet, together with a review report prepared by an independent certified public accountant satisfactory to us, within 90 days after the end of each fiscal year of the Franchised Business during the term hereof, showing the results of operations of the Franchised Business during said fiscal year.

**10.4 Other Reports Required by Us**

You shall also submit to us, for review or auditing, such other forms, reports, records, information, and data as we may reasonably designate, in the form and manner (including electronic telecommunications) and at the time and places reasonably required by us, upon request and as specified from time to time in the Franchise Operations Manual or otherwise in writing.

**10.5 Our Right to Audit**

From the date hereof until three years after the termination of this Agreement, we or our designated agents shall have the right, at all reasonable times, to examine and copy, at our expense, the books, records, and tax returns of the Franchised Business. We shall also have the right at any time to have an independent audit made of the books of the Franchised Business. If an inspection should reveal that any payments have been understated in any report to us, then you shall immediately upon demand pay to us the amount understated plus applicable interest as described in Article 3. If an inspection discloses an understatement of Gross Sales of two percent (2%) or more, you shall, in addition to paying the understated amount plus applicable late fees and interest, reimburse us for any and all costs and expenses connected with the inspection or audit (including, without limitation, travel, lodging, wage expenses and reasonable accounting





and legal costs). This fee shall under no circumstances be less than \$500. The foregoing remedies shall be in addition to any other remedies we may have.

## **ARTICLE 11** **INSPECTIONS**

To determine whether you and the Franchised Business are complying with this Agreement and all System Standards, we and our designated agents and representatives may at all times, with or without prior written notice to you:

- (a) enter the Franchised Business and have unlimited and unrestricted access to inspect the Franchised Business;
- (b) observe, photograph and videotape the Franchised Business's operation for consecutive or intermittent periods we deem necessary;
- (c) interview the Franchised Business's personnel and clients;
- (d) inspect and copy any books, records and documents relating to the Franchised Business's operation;
- (e) upon any reason we deem necessary, you will arrange for us to have immediate and unrestricted access to the premises and all animals during non-business hours, including holidays, and for as long as we deem necessary; and
- (f) remove any and all samples of any products and supplies or remove any and all products, supplies, advertisements, decorations, or any and all other unauthorized items.

You agree to cooperate with us and/or our agents fully. Any costs you incur due to an inspection will be your sole expense. If we exercise any of these rights, you will use your best efforts not to interfere unreasonably with the Franchised Business's operation. Your failure to cooperate with us and our agents will result in termination of this Agreement and any other agreements you have with us as outlined in Article 14 of this Agreement. You agree to present to your clients the evaluation forms that we periodically prescribe and to participate and/or request your clients to participate in any surveys performed by or for us.

We shall notify if in our judgment as a result of an inspection, the Franchised Business's appearance, equipment, signs or decor does not meet the System Standards and/or the lease requirements for the premises, and to provide written notification of what actions you must take to correct the deficiency(ies). You shall, within 30 days after receipt of this notice, take all steps needed to correct the deficiency(ies) or be subject to the non-compliance fee described in Section 3.9 for each area that was not corrected within the cure period. Additionally, we reserve the right to correct the deficiency(ies) necessary to the Franchised Business at your expense to ensure compliance with our System Standard and/or the lease or any agreement involving either party. You agree you will reimburse for any and all costs of any and all modifications made in order to bring the Franchised Business compliant. In the event you fail three inspections of the Franchised Business in any 12 month period, we reserve the right to terminate this Agreement.





**ARTICLE 12**  
**TRANSFER**

**12.1 By Us**

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “The Dog Stop Franchising, LLC” as Franchisor. Nothing contained in this Agreement shall require us to remain in the dog daycare or kennel business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

**12.2 By You**

You understand and acknowledge that the rights and duties this Agreement creates are personal to you and your Owners and that we have granted you the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Accordingly, neither (i) this Agreement (or any interest in this Agreement), nor (ii) any interest in the ownership of you, the Franchise, the Franchised Business (or any right to receive all or a portion of the Franchised Business’s profits or losses), or all or substantially all of the Operating Assets, may be transferred without our prior written approval. A transfer of the Franchised Business’s and the Operating Assets’ ownership, possession or control may be made only with a transfer of this Agreement. Any transfer without our prior written approval is a breach of this Agreement and has no effect. In this Agreement, the term “transfer” includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition and includes the following events:

12.2.1 transfer of an interest in this Agreement, the Operating Assets or the Franchised Business (or any right to receive all or a portion of the Franchised Business’s profits or losses) in a divorce, insolvency or entity dissolution proceeding, or otherwise by operation of law; or

12.2.2 if you die, transfer of an interest in this Agreement, the Operating Assets or the Franchised Business (or any right to receive all or a portion of the Franchised Business’s profits or losses) by will, declaration of or transfer in trust, or under the laws of intestate succession; or

12.2.3 pledge of this Agreement (to someone other than us) as security, foreclosure upon the Franchised Business, or your transfer, surrender or loss of the Franchised Business’s possession, control or management; or

12.2.4 the transfer of shares, partnership or member interests, or other ownership interests of you; or

12.2.5 merger or consolidation or issuance of additional securities representing ownership interests; or



12.2.6 any sale of ownership interests carrying voting rights of you or any security convertible to voting ownership interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an ownership interest.

### **12.3 Conditions for Approval of Transfer**

If you and your Owners are in full compliance with this Agreement, then, subject to the other provisions of this Section, we will not unreasonably withhold our approval of a transfer that meets all the requirements in this Section; provided, however, that if the transfer is of a minority ownership interest in you (and you retain a majority equity interest and voting control), Subsections 12.3.2, 12.3.5, 12.3.6, 12.3.7, 12.3.10 and 12.3.11 below shall not apply. Except as described in the previous sentence, all of the following conditions must be met before or concurrently with the effective date of the transfer:

12.3.1 the transferee and its owners must meet our then applicable standards for a The Dog Stop franchisee;

12.3.2 the transferee has sufficient business experience, aptitude and financial resources to operate the Franchised Business;

12.3.3 you have paid all required Royalty Fees, Brand Fund Contributions, Technology Fees and other amounts owed to us and our affiliates, have submitted all required reports and statements, and are not in violation of any provision of this Agreement or any other agreement with us or our affiliates;

12.3.4 the transferee does not operate, or have an ownership or other interest in or relationship with a Competitive Business (as defined in Article 7) or has fully divested all such ownership or other interest in such Competitive Business at least 14 days prior to transfer, and shall execute an affidavit undertaking to such effect;

12.3.5 the transferee satisfactorily completes our training program at transferee's sole cost and expense, including our then-current fee for providing the training program to transferee;

12.3.6 the transferee and any other persons designated by us sign our then-current form of franchise agreement and related documents, including Owners Agreement or other guaranty, the provisions of which may differ materially from any and all of those contained in this Agreement and the term of which shall be for the remaining term of this Agreement at the time of transfer;

12.3.7 Except in the case of a one-time transfer to a corporate entity formed for the convenience of ownership, you or the transferee will to pay us a transfer fee equal to \$10,000. A nonrefundable deposit of \$1,000 is due upon request for approval for the transfer, and the remaining balance is due prior to the execution of the transfer documents;

12.3.8 you and your transferring Owners sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective shareholders, officers, directors, employees, representatives, agents, successors and assigns;

12.3.9 we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;

12.3.10 if we finance any part of the purchase price, you agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business



are subordinate to the transferee's obligation to pay Royalty Fees and other amounts due to us and otherwise to comply with this Agreement;

12.3.11 the landlord of the Franchised Business must consent in writing to the assignment of your lease to the transferee;

12.3.12 if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee, and any owners of the proposed transferee, must execute our Owners Agreement or other form of guaranty;

12.3.13 you agree for two years beginning on the transfer's effective date, not to engage in any of the activities prescribed in Section 15.4 below;

12.3.14 you or the transferee agrees to refurbish, renovate and/or redecorate the Franchised Business according to our then-current standards;

12.3.15 you will not directly or indirectly at any time or in any manner (except with respect to other The Dog Stop franchised businesses you own and operate pursuant to franchise agreements with us) identify yourself or any business as a current or former The Dog Stop franchised business or as one of our franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a Franchised Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, or other commercial symbol that suggests or indicates a connection or association with us. We may review all information regarding the Franchised Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the Franchised Business; and

12.3.16 you will reimburse us upon receipt of our invoice for any broker or other placement fees we incur as a result of the transfer.

## **12.4 Transfer to a Wholly Owned or Controlled Entity**

If you are an individual or individuals and are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a transfer of this Agreement, the Franchise, and the Franchised Business, one time only, to a corporation or comparable legal entity: (i) which conducts no business other than the Franchised Business, and (ii) in which the individual(s) originally purchasing the Franchise maintain control and own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests in the same proportional interest as originally owned. Shareholder certificates or other documents representing ownership interests of such legal entity must be endorsed with a legend in form approved by us reciting that the transfer of interests in you is subject to the restrictions of this Agreement. Such an assignment shall not relieve you of your obligations hereunder, and your Owners shall execute the form of Owners Agreement attached hereto as Attachment D. You and our Owners shall remain jointly and severally liable to us for all obligations hereunder. A transfer pursuant to this Section 12.4 may occur one time only without payment of the transfer fee.

## **12.5 Transfer and Operation Upon Death, Absence or Disability**

Upon your death or disability, your executor, administrator, conservator, guardian or other personal representative must appoint a manager for the Franchised Business who is acceptable to us within 60 days and thereafter transfer your interest in this Agreement, the Operating Assets and the Franchised Business to a third party. That transfer (including, without limitation, transfer by bequest or inheritance) must occur within a reasonable time, not to exceed 90 days from the date of death or disability, and is subject to all of the terms and conditions in this Section. A failure to appoint such a manager or transfer your interest in



this Agreement, the Operating Assets and the Franchised Business within this time period is a breach of this Agreement. The term “disability” means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you from supervising the Franchised Business’s management and operation for 30 or more consecutive days.

Upon your death or disability, or upon the Designated Owner’s or the General Manager’s absence, termination, death or disability, if a manager is not appointed by you under the previous paragraph, we shall have the right, in our, to exercise the Step-In Rights and appoint an Interim Manager to operate the Franchised Business in accordance with Section 17.17 of this Franchise Agreement, for a period of up to 90 days, or until your interest shall have been transferred to an approved third party, whichever occurs first. You or your estate or personal representative, as applicable, shall be required to fully comply with Section 17.17 of the Agreement, including to pay us the management fee set forth therein.

## **12.6 Effect of Consent to Transfer**

Our consent to any transfer is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the Franchised Business’s or transferee’s prospects of success, or a waiver of any claims we have against you or of our right to demand the transferee’s full compliance with this Agreement’s terms or conditions.

## **12.7 Our Right of First Refusal**

If you at any time determine to sell or transfer (1) an interest in this Agreement, (2) all or substantially all of the Operating Assets, or (3) the Franchised Business (including the right to receive your portion of the Franchised Business’s profits or losses) – except to or among your Owners – you agree to obtain from a responsible and fully disclosed buyer, and send to us, a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in this Agreement, the Operating Assets and the Franchised Business. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may, by delivering written notice to you within 30 days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest for the price and on the terms and conditions contained in the offer, provided that: (1) we may substitute cash for any form of payment proposed in the offer; (2) our credit will be deemed equal to the credit of any proposed buyer; (3) we will have not less than 60 days to prepare for closing after notifying you of our election to purchase; and (4) we must receive, and you agree to make, all customary representations and warranties given by the seller of the assets of a business, including, without limitation, representations and warranties regarding ownership and condition of, and title to, assets and validity of contracts and the liabilities, contingent or otherwise, relating to the assets being purchased. If we exercise our right of first refusal, you agree that, for two years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 below.

If we do not exercise our right of first refusal, you may complete the sale to the proposed buyer on the original offer’s terms, subject to our approval of the transfer as provided in Sections 12.2 and 12.3 above. If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right of first refusal during the 30 day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale’s terms, either on the terms originally offered or the modified terms, at our option.



## **12.8 Ownership Structure**

If you are an entity, you represent and warrant that your ownership structure is as set forth on Attachment B hereto and covenant that you will not vary from that ownership structure without our prior written approval.

## **ARTICLE 13 GRANT OF A RENEWAL FRANCHISE**

### **13.1 Renewal**

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine months, but more than six months, prior to the end of the initial term of this Agreement) to renew the franchise hereunder for up to one additional period of ten years, if the following conditions are met:

13.1.1 you have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are current in all payments and in full compliance and not in default of this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

13.1.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees (except for the Royalty Fee), different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

13.1.3 you are able to maintain possession of the Site for the Franchised Business (or at a relocated Site) pursuant to a lease reasonably acceptable to us;

13.1.4 you refurbish, upgrade, and/or renovate your Franchised Business as we require in order that your Franchised Business will meet our then-current standards and image for a The Dog Stop franchised business;

13.1.5 the landlord of the Site consents to a renewal or extension of the lease;

13.1.6 at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours and any of your suppliers must be current and must have been current at all times during the preceding 12 months;

13.1.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders; and

13.1.8 you pay to us a renewal fee equal to \$5,000.

### **13.2 Refusal to Renew Franchise Agreement**

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Franchised Business premises is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to



renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

### **13.3 Renewal Under Law**

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the franchise agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the franchise agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

### **13.4 Your Election Not to Renew**

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard franchise agreement and other ancillary documents required by us for a renewal franchise within thirty (30) days after we have delivered them to you.

## **ARTICLE 14** **TERMINATION OF AGREEMENT**

### **14.1 Our Termination Rights – No Opportunity to Cure**

We may terminate this Agreement, effective upon delivery of written notice of termination to you, if:

14.1.1 you or any of your Owners have made or make a material misrepresentation or omission in acquiring the Franchise or operating the Franchised Business;

14.1.2 you fail to open the Franchised Business for business within the time frame required by Section 2.5, subject to any extension we may grant;

14.1.3 you do not satisfactorily complete initial training;

14.1.4 you abandon or fail actively to operate the Franchised Business for three or more consecutive business days without our prior approval, except for in the case of acts of God, war, terrorism and other situations which are beyond your control;

14.1.5 you or an Owner surrender or transfer control of the Franchised Business's operation without our prior written consent;

14.1.6 you or an Owner are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony or misdemeanor involving violence, or moral turpitude;

14.1.7 you fail to maintain the insurance we require from time to time and do not correct such failure within 30 days after our notice to you;





14.1.8 you interfere with our right to inspect the Franchised Business or observe its operation, as provided in Article 11 of this Agreement;

14.1.9 you or an Owner engage in any dishonest or unethical conduct which, in our opinion, adversely affects the Franchised Business's reputation, the reputation of other Franchised Businesses or the goodwill associated with the Marks;

14.1.10 you or an Owner make an unauthorized assignment or transfer of this Agreement, all or substantially all of the Operating Assets, the Franchised Business or the right to receive all or any part of the Franchised Business's profits or losses;

14.1.11 any material licenses, permits or certifications necessary for the Franchised Business's proper operation are revoked or not renewed;

14.1.12 you or an Owner make any unauthorized use or disclosure of any part of the Franchise Operations Manual or any other Confidential Information, or disclose all or any part of the Client Database;

14.1.13 you fail to pay when due any federal, state or local income, service, sales or other taxes due on the Franchised Business's operation, unless you are in good faith contesting your liability for these taxes;

14.1.14 you (a) fail an inspection on three or more separate occasions within any 12 consecutive month period; (b) fail on three or more separate occasions within any 12 consecutive month period to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us (or our affiliates), or otherwise to comply with this Agreement, whether or not you correct any of these failures after we deliver written notice to you; or (c) fail on two or more separate occasions within any six consecutive month period to comply with the same obligation under this Agreement, whether or not you correct either of the failures after we deliver written notice to you;

14.1.15 you, or any of your Owners shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or any of your Owners or such a petition is filed against and not opposed by you or such Owner; if you or any of your Owners is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets or any of your Owners or their business or assets is filed and consented to by you or such Owner; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, or the assets or property of any of your Owners, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you or any of your Owners; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you or any of your Owners is dissolved; if execution is levied against your or their business or property; if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

14.1.16 you, your Owners or a member of your or your Owner's immediate family violates the restrictions of Article 7 (Exclusive Relationship) or any other non-compete agreement;

14.1.17 you cause or permit to exist a material default under the lease or sublease for the Site and fail to cure such default within the applicable cure period set forth in the lease or sublease;





14.1.18 you fail to pay us (or our affiliates) any amounts due and do not correct the failure within 15 business days after we deliver written notice of that failure to you;

14.1.19 your or your Owners' assets, property or interests are "blocked" under any law, ordinance or regulation relating to terrorist activities or if you or your Owners otherwise are in violation of any such law, ordinance or regulation, or any other law, ordinance or regulation applicable to The Dog Franchised Business; and/or

14.1.20 you fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you.

## **14.2 Our Termination Rights – Opportunity to Cure**

This Agreement shall, at our option, terminate upon notice and your failure to cure within the specified time periods if you:

14.2.1 fail or refuse to make payments of any amounts due us for Royalty Fees or any other amounts due to us or our affiliates, and do not correct such failure or refusal within 15 business days after written notice of such failure is delivered to you;

14.2.2 fail or refuse to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Franchise Operations Manual or otherwise in writing, and do not correct such failure within 30 days or provide proof acceptable to us that you have made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within 30 days after written notice of such failure to comply is delivered to you;

14.2.3 materially misuse or make an unauthorized use of any of the Marks or commit any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks and do not correct the misuses or unauthorized use within 30 days of receiving notice;

14.2.4 have any required license, permit or certification suspended and do not reinstate such license, permit or certification in good standing within 30 days of receiving notice;

14.2.5 receive at least two verified complaints from customers against your Franchised Business in any 12 month period alleging a violation of a critical operating standard, and fail to correct such failure within 30 days after notice to you; and

14.2.6 fail to maintain the insurance coverages we require and do not correct such failure within 30 days after written notice to you.

## **14.3 Reinstatement and Extension**

To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like, other than in accordance with applicable law, to the extent such are not in accordance with applicable law, we may reinstate or extend the term for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.



#### **14.4 Cross-Defaults, Non-Exclusive Remedies, etc.**

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

#### **14.5 Our Right to Discontinue Services to You**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default pursuant to this Article 14, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement.

#### **14.6 Amendment Pursuant to Applicable Law**

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

#### **14.7 Force Majeure**

Neither party shall be liable for any delay in the fulfilment of or failure to fulfil its obligations in whole or in part (other than the payment of money as may be owed by a party) under this Agreement where the delay or failure is solely due to Force Majeure, as described below. In the event of Force Majeure, the parties' obligations shall be extended or relieved only to the extent the parties are respectively necessarily prevented or delayed in such performance during the period of such Force Majeure. As used in this Agreement, the term "Force Majeure" shall mean any act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond the party's control and cannot be overcome by use of normal commercial measures. Force Majeure should be construed narrowly and does not include general economic, market or societal conditions, or any changes thereto, even those



that are the direct or indirect result of the Force Majeure event. So, for example, in the event of a temporary government-imposed closure of your Franchised Business due to a Force Majeure event, you may only be relieved of your obligations as necessary to comply with the government mandate or order, but not due to the economic or market conditions that result from that action. The party whose performance is affected by an event of Force Majeure shall give prompt notice of such Force Majeure event to the other party, which in no case shall be more than 48 hours after the event, setting forth the nature thereof and an estimate as to its duration, and the affected party shall furnish the other party with periodic reports regarding the progress of the Force Majeure event. Each party must use its best efforts to mitigate the effect of the event of Force Majeure upon its performance of the Agreement and to fulfill its obligations under the Agreement. Upon completion of the event of Force Majeure, the party affected must as soon as reasonably practicable recommence the performance of its obligations under this Agreement. However, in the event the Force Majeure continues for a period of twelve (12) months or more, then either party may, at its option, terminate this Agreement by 30 days' written notice to the party asserting such Force Majeure. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the Force Majeure event, nor does that event affect any obligation to pay money owed under the Agreement (including but not limited to your obligation to pay us Royalty Fees and Brand Fund Contributions when due) or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect Franchisee's obligations to comply with any restrictive covenants in this Franchise Agreement during or after the Force Majeure event.

**ARTICLE 15**  
**RIGHTS AND OBLIGATIONS UPON TERMINATION**  
**OR EXPIRATION OF THIS AGREEMENT**

**15.1 Payment of Amounts Owed**

You agree to pay, within 15 days after this Agreement expires or is terminated, or on any later date that we determine, the amounts due to us or our affiliates which then are unpaid. You understand and acknowledge that we have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Brand Fund Contributions, Technology Fees, and other amounts payable to us under this Agreement.

**15.2 De-Identification**

When this Agreement expires or is terminated for any reason:

15.2.1 you shall not directly or indirectly at any time thereafter or in any manner (except in connection with other The Dog Stop franchised businesses you own and operate): (a) identify yourself or any business as a current or former Franchised Business or as one of our franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark or commercial symbol that is confusingly similar to any Mark, or other indicia of a The Dog Stop franchised business in any manner or for any purpose; or (c) use for any purpose any trade name, trademark, service mark or other commercial symbol that indicates or suggests a connection or association with us;

15.2.2 you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

15.2.3 you agree to deliver to us within 30 days all signs; advertising, marketing and promotional materials; forms; and other materials containing any Mark or otherwise identifying or relating to a The Dog Stop franchised business that we request and allow us, without liability to you or third parties, to remove these items from the Franchised Business;



15.2.4 if we do not exercise an option to purchase the Franchised Business under Section 15.5 below, you agree promptly and at your own expense to make the alterations we specify in the Franchise Operations Manual (or otherwise) to distinguish the Franchised Business clearly from its former appearance and from other Franchised Businesses in order to prevent public confusion;

15.2.5 you agree to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and telephone directory listings associated with any Mark, to authorize the transfer of these numbers and directory listings to us or at our direction, and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. You acknowledge that all telephone numbers, facsimile numbers, social media websites, Internet addresses and email addresses (collectively “Identifiers”) used in the operation of your Franchised Business constitute our assets, and upon termination or expiration of this Franchise Agreement, you will take such action within five days to cancel or assign to us or our designee as determined by us, all of your right, title and interest in and to such Identifiers and will notify the telephone company and all listing agencies of the termination or expiration of your right to use any Identifiers, and any regular, classified or other telephone directory listing associated with the Identifiers and to authorize a transfer of the same to, or at our direction. You agree to take all action required cancel all assumed name or equivalent registrations related to your use of the Marks. You acknowledge that, we have the sole rights to, and interest in, all Identifiers used by you to promote your Franchised Business and/or associated with the Marks. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. You further appoint us to direct the telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party to transfer such Identifiers to us or our designee. The telephone company, postal service, registrar, Internet Service Provider, listing agency, website operator, or any other third party may accept such direction by us pursuant to this Agreement as conclusive evidence of our rights to the Identifiers and our authority to direct their transfer; and if you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

15.2.6 you agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

### **15.3 Confidential Information**

You agree that, when this Agreement expires or is terminated, you will immediately cease using any of Confidential Information in any business or otherwise and return to us all Confidential Information, including all copies of the Franchise Operations Manual, the Client Database, all client records and any confidential materials that we have loaned you.

### **15.4 Covenant Not to Compete**

Upon our termination of this Agreement according to its terms and conditions, upon transfer of this Agreement, or upon expiration of this Agreement without renewal, you agree that, for two years beginning on the effective date of termination, the effective date of transfer, the expiration date or the date on which all persons restricted by this Section 15.4 begin to comply with this Section 15.4, neither you nor any Owner may solicit any customer of the Franchised Business or any The Dog Stop franchised business, or may have any direct or indirect interest (e.g. through a spouse) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent in any Competitive Business (as defined in Article 7 above) within 50 miles of the Franchised Business or any The Dog Stop franchised business in the System.



You and your Owners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, we in enforcing the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living.

## **15.5 Our Right to Purchase**

15.5.1 Exercise of Option. Upon our termination of this Agreement according to its terms and conditions or upon expiration of this Agreement without renewal, we have the option, exercisable by giving you written notice within 30 days after the date of termination or expiration, to purchase any assets of the Franchised Business that we designate. We have the unrestricted right to assign this option to purchase. We are entitled to all customary warranties and representations in our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise.

15.5.2 Purchase Price. The purchase price for the assets we choose to acquire will be their fair market value, provided that these items will not include any value for the Franchise or any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, and other intellectual property or participation in the network of Franchised Businesses. For purposes of determining the fair market value of all equipment (including the Computer System) used in operating the Franchised Business, the equipment's useful life shall be determined to be no more than three years.

15.5.3 We (or our assignee) will pay the purchase price at the closing, which will take place not later than 60 days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to exercise our purchase option. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee): (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (b) all of the Franchised Business's licenses and permits which may be assigned or transferred.

15.5.4 If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our respective shareholders, officers, directors, employees, agents, representatives, successors and assigns. If we exercise our rights under this Section 15.5, you agree that, for two years beginning on the closing date, you will be bound by the non-competition covenant contained in Section 15.4 above.

## **15.6 Continuing Obligations**

All of our and your obligations hereunder which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until these obligations are satisfied in full or by their nature expire.



**ARTICLE 16**  
**RELATIONSHIP OF THE PARTIES; INDEMNIFICATION**

**16.1 Independent Contractors**

You and we understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with clients, suppliers, public officials, Franchised Business personnel and others as the Franchised Business's independent owner under a Franchise we have granted. You further agree to place notices of independent ownership on the forms, business cards, stationery, advertising and other materials we require from time to time, including without limitation a conspicuously placed sign at the Franchised Business. You will use your legal name on all documents for use with employees and contractors including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and you shall not use the Marks on these documents. Further, within seven days of our request, you and each of your employees will sign an employment relationship acknowledgment form, stating that you alone are the employee's employer and that you alone operate the Franchised Business.

**16.2 No Liability for Acts of Other Party**

We and you agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation or the business you conduct under this Agreement.

**16.3 Taxes**

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, corporate or other taxes, whether levied upon you or the Franchised Business, due to the business you conduct (except any taxes we are required by law to collect from you for purchases from us, if we are an approved supplier). You are responsible for paying all taxes related to your Franchised Business.

The term "taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

You are not responsible for paying our taxes, or the taxes of any other franchised business operating within our franchise system, unless you are operating more than 1 unit, in which case you will be responsible for all taxes related to your additional units.

**16.4 Indemnification**

To the fullest extent permitted by law, you agree to indemnify, defend and hold harmless us, our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the "Indemnified Parties") from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the Franchised Business's operation, the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For





purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.

Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

## **ARTICLE 17**

### **MISCELLANEOUS PROVISIONS; DISPUTE RESOLUTION**

#### **17.1 Severability and Substitution of Valid Provisions**

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if you are a party thereto; otherwise upon your receipt of written notice of non-enforcement thereof from us. If any covenant herein which restricts competitive activity is deemed enforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but would be enforceable by reducing any part or all thereof, you and we agree that same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to enter into a successor franchise agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and we shall have the right, in our sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Such modification(s) to this Agreement shall be effective only in such jurisdiction, unless we elect to give it greater applicability, and shall be enforced as originally made and entered into in all other jurisdictions. You agree to be bound by any such modification to this Agreement.

#### **17.2 Waiver of Obligations**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to our





continuing review and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten days' prior written notice. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of ours or yours to exercise any rights under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Franchised Businesses; or our acceptance of any payments due from you after any breach of this Agreement.

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our respective obligations results from: (1) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material or energy, or the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) fires, strikes, embargoes, war or riot; or (5) any other similar event or cause, except where you are found to have deliberately or by gross negligence been the direct or indirect cause of the calamity. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Brand Fund Contributions, Technology Fees, or other payments due hereunder.

### **17.3 Injunctive Relief**

You explicitly affirm and recognize the unique value and secondary meaning attached to the System and the Marks. Accordingly, you agree that any non-compliance by you with Article 5, Article 6 or Article 15 of this Agreement, or any disputes or claims related to or based on the restrictive covenants, warranties, post-termination obligations, or unauthorized or improper use of the System or the Marks, will cause irreparable damage to us and other franchisees and area developers for which there is not adequate remedy at law. You therefore agree that if you engage in such conduct during or after the period of this Agreement, we will be entitled to both temporary and permanent injunctive and all other equitable relief, without the need of a bond, and without first seeking mediation or arbitration, from any state or federal court within the jurisdiction in which we have our principal place of business (currently, Pittsburgh, PA), or in any other state or federal district court of competent jurisdiction, in addition to all other remedies which we may have at law. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

### **17.4 Rights of Parties are Cumulative**

Our and your rights hereunder are cumulative and no exercises or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce.

### **17.5 Costs and Legal Fees**

The prevailing party in any enforcement action arising out of or relating to this Franchise Agreement shall be entitled to recover from the other party all damages, costs and expenses, including court costs and reasonable attorneys' fees, incurred by the prevailing party in successfully enforcing this Agreement.



## **17.6 Mediation and Arbitration**

17.6.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation before commencing an arbitration proceeding under Section 17.6.3. Such mediation will be conducted in the city of or closest to our principal place of business (currently Pittsburgh, PA). The mediation will be conducted by one mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

17.6.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 17.6.3.

17.6.3 Except for claims subject to injunctive relief under Section 17.3, all disputes, claims and controversies between the parties arising out of or in any way relating to this Agreement, any of the parties' respective rights and obligations arising out of this Agreement, or the making, performance or interpretation thereof (including arbitrability of any matter) which have not been settled through mediation will be submitted to final and binding arbitration to be conducted by the American Arbitration Association in the city of or closest to our principal place of business (currently Pittsburgh, PA) as the sole and exclusive remedy for any such controversy or dispute. The arbitrator(s) will have a minimum of five years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then either party may request AAA or successor organization, to appoint a qualified arbitrator by the striking method. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this Agreement. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

## **17.7 Governing Law**

All matters relating to arbitration shall be governed by the Federal Arbitration Act. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the Commonwealth of Pennsylvania, without regard for its conflicts of laws principles.

## **17.8 Jurisdiction**

With respect to any other actions not subject to mediation or arbitration under Section 17.6 above, except for claims which we may bring in any state or federal court of competent jurisdiction under Section 17.3, you and we agree that any action arising under this Agreement or otherwise as a result of the relationship between you and us must be commenced in a state or federal court of competent jurisdiction in the city of or closest to our principal place of business (currently Pittsburgh, PA). You irrevocably submit



to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such court.

#### **17.9 Waiver of Punitive Damages**

The parties waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages, except punitive or exemplary damages allowed under federal statute. The parties agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

#### **17.10 Waiver of Jury Trial**

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

#### **17.11 You May Not Withhold Payments**

You agree that you will not, on grounds of the alleged nonperformance by us of any of our obligations hereunder, withhold payment of any Royalty Fees, Brand Fund Contributions, Technology Fees, amounts due to us for purchases by you or any other amounts due to us.

#### **17.12 Binding Effect**

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Subject to our right to modify the Franchise Operations Manual, this Agreement shall not be modified except by written agreement signed by you and us.

#### **17.13 Limitations of Claims**

Any and all claims, except claims for monies due us, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced within one year from the date you or we knew or should have known of the facts giving rise to such claims.

#### **17.14 Entire Agreement; Construction**

The preambles and Attachments are a part of this Agreement, which together with the Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. The terms “Franchisee” or “Franchise Owner” as used herein is applicable to one or more persons, a corporate entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee or Franchise Owner hereunder, their obligations and liabilities to us shall be joint and several. References to “Franchisee,” “Franchise Owner,” and “transferee” which are applicable to an individual or individuals shall mean the principal owner(s) of the equity or operating control of franchise owner or the transferee, if franchise owner or the transferee is a corporation or partnership. References to “controlling interest” in Franchisee shall mean greater than fifty percent (50%) of the equity or voting control of Franchisee. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any action or request by you, we have the absolute right to refuse any request by you or to withhold our approval of any action by you that requires our approval. Nothing in this Agreement



is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

#### **17.15 Withholding Consent**

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us. Your sole remedy for any such claim is to submit it to arbitration as described in this Agreement and for the arbitrator to order us to grant such consent.

#### **17.16 Step-In Rights – Cause for Step-In**

In order to prevent any interruption of the operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, we have the right, but not the obligation, to step-in and designate an individual of its choosing (an “Interim Manager”) for so long as we deem necessary and practical to temporarily manage the Franchised Business: (i) if you fail to comply with any provision of this Agreement and do not cure the failure within the time period specified in this Agreement or by us; (ii) if we determine in our sole judgment that the operation of the Franchised Business is in jeopardy; (iii) if we determine in our sole discretion that operational problems require that we operate the Franchised Business; (iv) if you abandon or fail to actively operate the Franchised Business; (v) Upon your death or disability, or upon the Designated Owner’s or the General Manager’s absence, termination, death or disability; or (vi) if we deem you, the Designated Owner or the General Manager incapable of operating the Franchised Business (“Step-in Rights”).

#### **17.17 Step-In Rights – Duties of Parties**

If we exercise our Step-in Rights: (i) we shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives (including an Interim Manager) as well as our other expenses incurred in exercising our rights; (ii) you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation and acknowledge that the Interim Manager will have no liability to you, except to the extent directly caused by its gross negligence or willful misconduct; (iii) you agree to pay us a management fee of \$250 per day; (iv) you agree to pay us all of our reasonable costs and expenses, including, but not limited to, attorneys’ fees incurred as a consequence of our exercise of the Step-In Rights; and (v) you acknowledge that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your or the Franchised Business’s creditors for any supplies, products, or other assets or services the Franchised Business purchases, while Interim Manager manages it. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

#### **17.18 Survival**

You and we agree that the provisions of this Section 17 shall apply during the term of this Agreement and following the expiration, termination, or non-renewal of this Agreement.

### **ARTICLE 18** **NOTICES AND PAYMENTS**

All written notices, reports and payments permitted or required to be delivered by the provisions of this Agreement or the Franchise Operations Manual will be deemed so delivered:

- (a) at the time delivered by hand with confirmation receipt;



(b) with respect to the Royalty Fee, Brand Fund Contribution and other amounts due, at the time we actually debit your account (if we use an automatic debit program for the Franchised Business);

(c) with respect to materials that we post on our intranet or similar electronic site for franchisees, at the time such materials are first accessible at the site; or

(d) one business day after being placed in the hands of a commercial courier service for next business day delivery and must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing, and signed by the party giving the same and shall be sent to the applicable parties at the following addresses, shall be in writing and shall be personally delivered, delivered by messenger or delivery services, mailed by certified mail, return receipt requested, or by facsimile or electronic mail transmission, and shall be effective at the earlier of i) the time of actual receipt; or ii) immediately on transmission by facsimile or email transmission; or iii) one business day after being placed in the hands of a commercial delivery service for overnight delivery; or iv) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed. The Non-Compliance Fee described in Section 3.9 shall apply to this Article 18 if you fail to accept notices transmitted in any of the above means. Addresses for notification are:

Us: The Dog Franchised Business Franchising, LLC  
1632 William Flinn Highway  
Pittsburgh, Pennsylvania 15222  
Attention: CEO  
Email: jesse@thedogstop.com

You: Your notice address is identified in  
Attachment A to the Franchise Agreement

Either party may change its address for notice purposes by giving the other party written notice, as herein provided, of such change.

## **ARTICLE 19**

### **SECURITY INTERESTS**

#### **19.1 Collateral**

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the “Collateral”.

#### **19.2 Indebtedness Secured**

The Security Interest is to secure payment of the following (the “Indebtedness”):



19.2.1 All amounts due under this Agreement or otherwise by you;

19.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

19.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

19.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Franchised Business, including, but not limited to, a real property mortgage and equipment leases.

### **19.3 Additional Documents**

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

### **19.4 Possession of Collateral**

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

### **19.5 Our Remedies in Event of Default**

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Pennsylvania (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

### **19.6 Special Filing as Financing Statement**

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.



**ARTICLE 20**  
**ACKNOWLEDGMENTS**

To induce us to sign this Agreement and grant you the Franchise, you acknowledge:

(a) That you have independently investigated The Dog Stop franchise opportunity and recognize that, like any other business, the nature of the Franchised Business may, and probably will, evolve and change over time.

(b) That an investment in a Franchised Business involves business risks.

(c) That your business abilities and efforts are vital to your success.

(d) That retaining clients for your Franchised Business will require a high level of client service and strict adherence to the System and the System Standards and that you are committed to maintaining the System Standards.

(e) That the persons signing this Agreement are all persons who have any ownership interest with respect to the Operating Assets, the Franchised Business or any of the Franchised Business's profits or losses.

(f) That you have no knowledge of any representations made about The Dog Stop franchise opportunity by us, our subsidiaries or affiliates or any of our respective officers, directors, shareholders or agents that are contrary to the statements made in our Disclosure Document or to the terms and conditions of this Agreement.

(g) That in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity and that business dealings between you and them as a result of this Agreement are only between you and us.

(h) That you have read this Agreement and our Disclosure Document and understand and accept that the terms and covenants in this Agreement are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each The Dog Stop franchised business, and to protect and preserve the goodwill of the Marks.

(i) That you have received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission at least 14 calendar days prior to the date on which this Agreement was executed or any payment was made to us or our affiliates.

**(Signatures on next page)**





**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement effective on the date stated on the first page above.

ATTEST

THE DOG STOP FRANCHISING, LLC  
a Pennsylvania limited liability company

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ATTACHMENT A TO THE FRANCHISE AGREEMENT**

**FRANCHISE DATA SHEET**

1. The Effective Date set forth in the introductory Paragraph of the Franchise Agreement is:  
\_\_\_\_\_.
  
2. The Franchise Owner set forth in the introductory Paragraph of the Franchise Agreement is:  
\_\_\_\_\_
  
3. Notice Address. The notice address for Franchise Owner set forth in Section 19.03 of the Franchise Agreement is:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Initial Franchise Fee. The Initial Franchise Fee shall be:  
  
\_\_\_\_ \$49,500  
  
\_\_\_\_ \$42,075\*  
  
\_\_\_\_ Not applicable; this Franchise Agreement is being signed under an area development agreement between you and us and no Initial Franchise Fee is due.

\* The Initial Franchise Fee is subject to a 15% discount for the first Franchised Business of honorably discharged veterans and their spouses.

THE DOG STOP FRANCHISING, LLC:

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ATTACHMENT B TO THE FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP**

Franchisee: \_\_\_\_\_

Trade Name (if different from above): \_\_\_\_\_

Form of Ownership  
(Check One)

Individual  Partnership  Corporation  Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage of Stock

**\*If any members, stockholders, or partners are entities, please list the owners of such entities up through the individuals.**

Franchise Owner acknowledges that this Statement of Ownership applies to your Franchised Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to us in writing.

***(Signature Page Follows)***



FRANCHISEE:

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

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

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



**ATTACHMENT C TO THE FRANCHISE AGREEMENT**  
**SITE AND TERRITORY**

1. The Site of the Franchised Business as provided in Section 1.2 of the Agreement is:

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2. The Territory as provided for in Section 1.3 of the Agreement shall be:

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THE DOG STOP FRANCHISING, LLC:

FRANCHISEE:

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

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

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

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

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

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



**ATTACHMENT D TO THE FRANCHISE AGREEMENT  
OWNERS AGREEMENT**

As a condition to the execution by THE DOG STOP FRANCHISING, LLC (“we” or “us”), of a Franchise Agreement with \_\_\_\_\_ (“Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

**1. Acknowledgments.**

1.1 Franchise Agreement. Franchisee entered into a franchise agreement with us effective as of \_\_\_\_\_ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

**2. Non-Disclosure and Protection of Confidential Information.**

2.1 Confidentiality. Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Franchise Agreement governing Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.



### **3. Covenant Not To Compete and To Not Solicit.**

3.1 Non-Competition and Non-Solicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners 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 Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

### **4. Guarantee.**

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Franchisee under the Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Franchisee of all of Franchisee's obligations under the Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter, or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter, or thing required by the Franchise Agreement.

4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Franchisee's debts or obligations under the Franchise Agreement.





4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

## **5. Transfers.**

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a material breach of this Owners Agreement and the Franchise Agreement.

## **6. Notices.**

6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

The Dog Stop Franchising, LLC  
1632 William Flinn Highway  
Pittsburgh, Pennsylvania 15222  
Attention: CEO

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

## **7. Enforcement of This Owners Agreement.**

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations



under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

## **8. Miscellaneous.**

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section 3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement 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

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or



default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Franchise Agreement, this Owners Agreement shall control.

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.

*(Signatures on following page)*



**OWNERS:**

\_\_\_\_\_  
(Insert Name of Owner)

\_\_\_\_\_  
(Insert Name of Spouse)

\_\_\_\_\_  
(Insert Name of Owner)

\_\_\_\_\_  
(Insert Name of Spouse)

\_\_\_\_\_  
(Insert Name of Owner)

\_\_\_\_\_  
(Insert Name of Spouse)

\_\_\_\_\_  
(Insert Name of Owner)

\_\_\_\_\_  
(Insert Name of Spouse)

The Dog Stop Franchising, LLC hereby accepts the agreements of the Owner(s) hereunder:

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

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



**EXHIBIT D**

**AREA DEVELOPMENT AGREEMENT**



**THE DOG STOP FRANCHISING, LLC**



**AREA DEVELOPMENT AGREEMENT**



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ATTACHMENTS:

- Attachment A: Data Sheet
- Attachment B: Development Territory
- Attachment C: Development Schedule
- Attachment D: Statement of Ownership





**THE DOG STOP FRANCHISING, LLC**

**AREA DEVELOPER AGREEMENT**

**THIS AREA DEVELOPMENT AGREEMENT (“Agreement”)** is made and entered into effective on the date set forth in Attachment “A” of this Agreement between The Dog Stop Franchising, LLC, a Pennsylvania limited liability company having its principal place of business at 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222 (“**we**”, “**us**” or “**our**”), and the area developer identified in, and having the principal address set forth in, Attachment “A” of this Agreement (hereinafter “**you**,” “**your**” or “**Area Developer**”). If more than one person or entity is listed as Area Developer, each such person or entity shall be jointly and severally liable for all rights, duties, restrictions and obligations under this Agreement.

**WITNESSETH:**

**WHEREAS**, we and our affiliate have designed and developed a method of developing and operating a dog care facility offering dog daycare, boarding, grooming, obedience, training, in-home services, dog walking, as well as retail items including premium dog food, dog treats and accessories. The businesses (“**TDS Business**”) have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time. Our system (the “**System**”) includes, but is not limited to, uniform formats, designs, systems, methods, specifications, standards and procedures, all of which may be changed, updated, improved and further developed by us from time to time;

**WHEREAS**, we and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating TDS Businesses, including the mark “The Dog Stop®,” which have gained and will continue to gain public acceptance and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating TDS Businesses (collectively, the “**Marks**”);

**WHEREAS**, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

**WHEREAS**, you wish to obtain certain development rights to open and operate TDS Businesses operating under the Marks under the System within the Development Territory described in this Agreement; and

**WHEREAS**, in addition to this Agreement, we and you have entered into a franchise agreement on the same date (“**Initial Franchise Agreement**”) for the right to establish and operate the first TDS Business to be developed by you under this Agreement (“**Initial Business**”).

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

**SECTION 1  
GRANT**

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights (“**Development Rights**”) to establish and operate the number of TDS Businesses



identified in Attachment “A”, and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment “C” of this Agreement (“**Development Schedule**”). Each TDS Business developed hereunder shall be located in the area described in Attachment “B” of this Agreement (“**Development Territory**”).

1.2 The Initial Franchise Agreement shall be executed and delivered, concurrently with the execution and delivery of this Agreement. Each subsequent TDS Business for which a Development Right is granted hereunder shall be established and operated pursuant to the form of franchise agreement then being used, which is to be entered into between you and us in accordance with Section 3 hereof. You acknowledge that the then-current form of franchise agreement may differ from the Initial Franchise Agreement, except that each shall have the same royalty rate as the Initial Franchise Agreement.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a TDS Business in the Development Territory during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a franchise agreement and does not grant to you any right to use the Marks or System unless a franchise agreement is in effect.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

## **SECTION 2 DEVELOPMENT FEE**

You may elect to develop between two to five TDS Businesses to be located in the Development Territory. In consideration of the Development Rights granted herein, you shall pay to us a development fee (“**Development Fee**”) in the amount set forth in Attachment “A” of this Agreement, depending on the total number of TDS Businesses you have agreed to develop. The Development Fee is payable in a lump sum upon execution of this Agreement and is not refundable under any circumstances, regardless of whether you open any of the TDS Businesses under this Agreement. No initial franchise fee will be due upon the execution of each franchise agreement to be developed under this Agreement (but all other fees will apply).

## **SECTION 3 SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

3.1 You shall assume all responsibility and expense for locating potential sites for TDS Businesses. You must use a real estate brokerage firm that we designate to assist you in locating, determining the suitability of and negotiating for the site for your TDS Business, and you shall pay any fees or commissions which are or may be required to be paid to the brokerage firm. You shall obtain our written acceptance of any proposed site for the TDS Business in accordance with our procedures, which acceptance will not be unreasonably withheld. Unless we provide our specific acceptance of your proposed site, the site is deemed unaccepted. Unless we provide our specific acceptance of a proposed site, the site is deemed not accepted.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Development Schedule in a timely manner. Upon your first failure to adhere to the Development Schedule, you will lose the territorial rights granted for the Development Territory. Any second or additional failures to adhere to the Development Schedule will constitute a material event of default under this Agreement, for which we may



exercise its rights under Section 9.1 of this Agreement. Under no circumstances, however, may you open a TDS Business unless and until there is a fully executed franchise agreement in place for such TDS Business and you have complied with all requirements under the franchise agreement for opening such TDS Business.

3.3 You shall exercise each Development Right granted herein only by executing a franchise agreement for each TDS Business at a site accepted by us in the Development Territory. The Initial Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The franchise agreement for each additional Development Right exercised hereunder shall be the then-current franchise agreement. We will have five (5) days after we receive all needed information to accept or reject your proposed site for each TDS Business. For each accepted TDS Business site, you must execute the then-current franchise agreement and return it to us within ten (10) days after your receipt of said franchise agreement. In the event we do not receive the properly executed franchise agreement within said ten (10) days from delivery thereof to you, our acceptance of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

3.4 You acknowledge that our acceptance of a particular site for a TDS Business by us shall not be deemed to be an assurance or guaranty that the TDS Business will operate successfully or at a profit from such site.

3.5 You shall be required to execute each franchise agreement and own a minimum of fifty-one percent (51%) equity interest in the franchisee for each TDS Business to be opened pursuant to said franchise agreement. In no event shall you relinquish control over each entity operating each TDS Business.

## **SECTION 4 DEVELOPMENT RIGHTS AND OBLIGATIONS**

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of TDS Businesses within the Development Territory, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement. You acknowledge that that the Development Territory may already include existing TDS Businesses, and that you may not develop a TDS Business that infringes on the territorial rights of a then-existing TDS Businesses.

4.3 Upon the termination or expiration of this Agreement: (a) you shall have no further right to construct, equip, own, open or operate additional TDS Businesses which are not, at the time of such termination or expiration, the subject of a then-existing franchise agreement between you and us, which is then in full force and effect; and (b) we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, TDS Businesses within the Development Territory subject only to the territorial rights granted to you with respect to TDS Businesses operated by you pursuant to the franchise agreements.



4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to TDS Businesses, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at TDS Businesses, within or outside the Development Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to own, franchise, establish and license to others to establish or operate TDS Businesses at any location outside the Development Territory and on any terms and conditions we deem appropriate and regardless of proximity to your TDS Businesses;

4.4.3 the right to use the Marks and the System to sell any products or services, similar to those which you will sell, through any alternate channels of distribution within or outside of the Development Territory. This includes, but is not limited to, other channels of distribution such as catalog sales, fairs, expos, pet shows and the like, telemarketing or other direct marketing sales or over the Internet (together, the “**Alternative Distribution Channels**”). You may not use Alternative Distribution Channels to make sales outside or inside your Development Territory and you will not receive any compensation for our sales through Alternative Distribution Channels;

4.4.4 to engage in any transaction, including to purchase or be purchased by, to merge or combine with, to convert to the System or be converted into a new system with any business, whether franchised or corporately owned, including a business that competes directly with your TDS Businesses, wherever located; provided that in such situations, the newly acquired businesses may not operate under the Marks in the Development Territory;

4.4.5 the right to implement multi-area marketing programs, which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs; and

4.4.6 to engage in any other business activities not expressly prohibited by the Agreement, both within and outside your Development Territory.

We are not required to pay you if we exercise any of the rights specified above within the Development Territory. We do not pay compensation for soliciting or accepting orders inside the Development Territory.

## **SECTION 5 RENEWAL**

There is no renewal period. Upon expiration of this Agreement you may enter into our then-current area development agreement, subject to our approval and availability.

## **SECTION 6 TERM**

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the earlier of: (a) the termination date listed on Section 2 of Attachment “C”; or (b) completion of the obligations of the Development Schedule.



## **SECTION 7 YOUR OBLIGATIONS**

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of TDS Business and to submit the same to us for our acceptance in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any TDS Businesses within the Development Territory. You shall obtain the license to use such additional rights at each TDS Business upon the execution of each franchise agreement by both you and us and only in accordance with the terms of each franchise agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof. The provisions of this Section 7.1.2 shall not restrict you from transferring an open and operating TDS Business in compliance with the assignment provisions contained in such TDS Business' franchise agreement.

7.1.3 You have sole responsibility for the performance of all obligations arising out of the operation of your TDS Businesses developed under this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.4 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your TDS Business and that the operations of said TDS Business are separate and distinct from the operation of your business as an area developer.

7.1.5 You shall, at all times, preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.6 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.7 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.8 In no event shall any TDS Business be opened for business unless and until a franchise agreement for such TDS Business has been fully executed, the all applicable fees (including, but not limited to, the initial franchise fee for such TDS Business) have been paid, and you have complied with all of the requirements under the franchise agreement for opening such TDS Business.

## **SECTION 8 OUR SERVICES**

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for acceptance thereof.



8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the TDS Businesses as we make available to all area developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and design specifications of the System, upon our receipt of your written request for acceptance thereof.

8.4 Provide on-site evaluations as we deem necessary, and such other resources and assistance as may hereafter be developed and offered by us to our other area developers in our sole discretion.

## **SECTION 9 DEFAULT AND TERMINATION**

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement immediately shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to comply with the Development Schedule on two or more occasions.

9.1.2 If you shall purport to effect any assignment in violation of Section 11 of this Agreement.

9.1.3 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any franchise agreement.

9.1.4 If you default in the performance of any obligation under any franchise agreement with us, provided such default results in the termination of the franchise agreement.

9.1.5 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of any TDS Business developed under this Agreement, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.6 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.7 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a



final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against you or your property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.8 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the TDS Businesses opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective franchise agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any Competitive Business (as defined in Section 12 below).

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any TDS Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you open any TDS Business for business before a franchise agreement for such TDS Business has been fully executed and the payments due to us pursuant to Section 2 have been paid.

9.2.7 If you default in the performance of any other obligation under this Agreement.

## **SECTION 10 OBLIGATIONS FOLLOWING TERMINATION**

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish TDS Businesses.

10.1.2 To cease immediately to hold yourself out in any way as an area developer of ours or to do anything which would indicate a relationship between you and us.





10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

## SECTION 11 TRANSFER OF INTEREST

11.1 We shall have the absolute right to transfer or assign all or any part of our rights or obligations hereunder to any person or legal entity which assumes its obligation under this Agreement and we shall thereby be released from any and all further liability to you.

11.2 Area Developer may not assign this Agreement or any rights to the Development Territory. The provisions of this Section shall not restrict Area Developer from transferring an open and operating TDS Business in compliance with the assignment provisions contained in such TDS Business' franchise agreement.

## SECTION 12 COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, System standards, market research, advertising and promotional campaigns, approved suppliers, operating results of TDS Businesses, proprietary software, the terms of this Agreement, the TDS Business franchise operations manual, and graphic designs and other intellectual property. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

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

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than a TDS Business (including any TDS Business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the TDS Business, including a business which provides dog care services or any business which grants franchises or licenses to others to operate such a business (a "**Competitive Business**").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within 50 miles of any TDS Business in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered and publicly-traded under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12



is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you 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 Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive and other equitable relief, without the need of bond, and without first requesting mediation or arbitration against you, from any state or federal court within the jurisdiction in which we have our principal place of business (currently Pittsburgh, PA), or in any other state or federal district court of competent jurisdiction. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. You consent to the exercise of personal jurisdiction over you by these courts, and to the propriety of venue in these courts with respect to the entry of these temporary and permanent injunctions.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section 12 (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section 9 hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any TDS Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days



of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

### SECTION 13 NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:                   The Dog Stop Franchising, LLC  
1632 William Flinn Highway  
Pittsburgh, Pennsylvania 15222  
ATTENTION: Jesse Coslov -CEO  
Facsimile: (412) 774-3370

Notices to you:                            Notice Address set forth in Attachment “A” of this Agreement

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

### SECTION 14 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our affiliates, and our respective shareholders, directors, officers, employees, agents, representatives, successors and assigns (the “**Indemnified Parties**”) from and against, and to reimburse any one or more of the Indemnified Parties for, any and all claims, obligations and damages directly or indirectly arising out of the business you conduct under this Agreement, your violation or breach of any contract, federal, state, or local law, regulation, ruling, standard, or directive or of any industry standard; libel, slander or any other form of defamation by you, or your breach of this Agreement. For purposes of this indemnification, “claims” include all obligations, damages (actual, consequential, punitive or otherwise) and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants’, arbitrators’, attorneys’ and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration or alternative dispute resolution, including travel and living expenses, regardless of whether litigation, arbitration or alternative dispute resolution is commenced.



Each Indemnified Party may defend and control the defense of any claim against it which is subject to this indemnification at your expense, and you may not settle any claim or take any other remedial, corrective or other actions relating to any claim without our consent. Additionally, an Indemnified Party may, at any time, settle any claim against it for which it is entitled to seek indemnity, and you shall reimburse the Indemnified Party for any amount that the Indemnified Party paid under the settlement terms. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you.

## **SECTION 15 APPROVALS**

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **SECTION 16 NON-WAIVER**

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

## **SECTION 17 SEVERABILITY AND CONSTRUCTION**

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.



17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

## **SECTION 18 ENTIRE AGREEMENT; APPLICABLE LAW**

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, without regard to the application of Pennsylvania conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Allegheny, Pennsylvania.

## **SECTION 19 DISPUTE RESOLUTION**

19.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation before commencing an arbitration proceeding under Section 19.3. Such mediation will be conducted in the city of or closest to our principal place of business (currently Pittsburgh, PA). The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.3.

19.3 Except for certain claims subject to injunctive relief under Sections 12 or 19.4, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation or mediation will be submitted to final and binding arbitration in the city of or closest to our principal place of business (currently Pittsburgh, PA) as the sole and exclusive remedy for any such controversy or dispute. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually



agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Pennsylvania Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Pennsylvania Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement. Except for claims excluded from mediation and arbitration herein, the arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement including, but not limited to any claim that all or any part of this Agreement is void or voidable.

19.4 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit themselves to the jurisdiction of the state and federal courts with jurisdiction in the city where our principal place of business is located (currently Pittsburgh, PA). You and your owners hereby consent to and waive all objections to personal jurisdiction and venue for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon you and any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by applicable Pennsylvania or federal law. You and your owners agree that mandatory venue for any proceeding relating to or arising out of this Agreement shall be in the city of or closest to our principal place of business (currently Pittsburgh, PA); provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any state or federal district court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Pennsylvania law.

19.5 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.4 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.6 You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Allegheny County, Pennsylvania.

19.7 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, 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, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.





19.8 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

## **SECTION 20 TIMELY PERFORMANCE**

You hereby acknowledge that your timely development of the TDS Businesses in the Development Territory in accordance with the Development Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open TDS Businesses within the Development Territory in accordance with the Development Schedule, to operate such TDS Businesses pursuant to the terms of the franchise agreements applicable thereto, and to maintain all such TDS Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Development Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. In the event that you are unable to comply with the Development Schedule due to act of God, strike, lock-out or other industrial disturbance, war (declared or undeclared), terrorist event, riot, epidemic, fire or other catastrophe, act of any government and any other similar cause which is beyond your control and cannot be overcome by use of normal commercial measures (“**Force Majeure**”), then upon notice to us, the Development Schedule and this Agreement shall be extended for a corresponding period, not to exceed 90 days. An event of Force Majeure does not relieve a party from liability for an obligation which arose before the occurrence of the event, nor does that event affect any obligation to pay money owed under this Agreement or any franchise agreement or to indemnify us, whether such obligation arose before or after the Force Majeure event. An event of Force Majeure shall not affect your obligations to comply with any restrictive covenants in this Agreement during or after the Force Majeure event.

## **SECTION 21 ACKNOWLEDGMENTS**

**21.1 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HERewith; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.**

**21.2 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.**

*(Signature Page Follows)*





**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement, effective on the effective date specified in Attachment "A" of this Agreement.

**THE DOG STOP FRANCHISING, LLC**

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

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

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

**AREA DEVELOPER**

\_\_\_\_\_

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

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

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



**THE DOG STOP FRANCHISING, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT “A”**

**DATA SHEET**

1. Effective Date. The effective date of the Area Development Agreement, set forth in the introductory Paragraph of the Area Development Agreement is: \_\_\_\_\_, 20\_\_.
  
2. Area Developer. The Area Developer set forth in the introductory Paragraph of the Area Development Agreement is: \_\_\_\_\_
  
3. Area Developer’s Principal Address: The Area Developer’s principal address set forth in the introductory Paragraph of the Area Development Agreement is :

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Notice Address. The notice address for Area Developer, as set forth in Section 13 of the Area Development Agreement is:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Development Fee. The Development Fee, as set forth in Section 2 of the Area Development Agreement, is as follows:

Development Fee	Select
Fee for two TDS Businesses: \$89,500	
Fee for three TDS Businesses: \$119,500	
Fee for four TDS Businesses: \$149,000	
Fee for five TDS Businesses : \$178,000	

*(Signature Page Follows)*



**AREA DEVELOPER**

**THE DOG STOP FRANCHISING, LLC**

\_\_\_\_\_

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

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

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

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

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

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



**THE DOG STOP FRANCHISING, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT “B”**

**DEVELOPMENT TERRITORY**

The Development Territory set forth in Section 1.1 of this Agreement shall be the geographic area described below and/or as depicted on the following map:

**AREA DEVELOPER**

**THE DOG STOP FRANCHISING, LLC**

\_\_\_\_\_

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

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

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

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

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

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



**THE DOG STOP FRANCHISING, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT “C”**

**DEVELOPMENT SCHEDULE**

1. The total number of TDS Businesses to be developed under this Agreement (including the Initial Business): \_\_\_\_\_.
2. The termination date of this Agreement shall be the earlier of the date the Development Schedule is complete or \_\_\_\_\_.
3. Development Schedule:

<b>TDS Franchise</b>	<b>Development Period Ending Date</b>	<b>Franchise Agreement Execution Deadline</b>
1		Date of execution of Area Development Agreement
2		
3		
4		
5		

**AREA DEVELOPER**

**THE DOG STOP FRANCHISING, LLC**

\_\_\_\_\_

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

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

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

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

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

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



**THE DOG STOP FRANCHISING, LLC**  
**AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT "D"**

**STATEMENT OF OWNERSHIP**

Area Developer: \_\_\_\_\_

Form of Ownership  
(Check One)

Individual     Partnership     Corporation     Limited Liability Company

If a Partnership, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a Corporation, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a Limited Liability Company, give the state and date of formation, the name of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

State and Date of Formation: \_\_\_\_\_

**Management (managers, officers, board of directors, etc.):**

Name	Title

**Members, Stockholders, Partners\*:**

Name	Address	Percentage Owned

**\*If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.**



Use additional sheets if necessary. Any and all changes to the above information must be reported to The Dog Stop Franchising, LLC in writing.

**AREA DEVELOPER**

\_\_\_\_\_

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

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

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





**EXHIBIT E**

**LIST OF CURRENT AND FORMER FRANCHISEES**



**Current Franchisees as of December 31, 2022:**

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Weiss	Gail	The Dog Stop Trussville	3557 Mary Taylor Rd	Trussville	AL	35235	(205) 655-7297	gweiss@thedogstop.net
Wilhide	Scott	The Dog Stop Huntsville	6243 University Drive, NW	Huntsville	AL	35806	(256) 867-5814	swilhide@thedogstop.net
Henry	Jim	The Dog Stop Middletown	108 Sleepy Hollow Rd	Middletown	DE	19080	(302) 376-9006	jim.henry@thedogstop.net
Fouts	Mike	The Dog Stop Stuart	1080 Federal Hwy.	Stuart	FL	34994	(610) 360-2191	mfouts@thedogstop.com
Gup	Jodi	The Dog Stop Pensacola	1175 Gulf Breeze Pkwy	Pensacola	FL	32561	(404) 822-9850	jpgup@thedogstop.com
Plaisted	Fred	The Dog Stop Brunswick	1965 Glynn Ave Suite 500	Brunswick	GA	31520	508-498-4862	fplaisted@thedogstop.com
Guthrie	Jami	The Dog Stop Deerfield	495 Lake Cook Rd.	Deerfield	IL	60015	331-701-9391	jpguthrie@thedogstop.com
Boone	Trey	The Dog Stop Pinhook	103 Turn Row	Lafayette	LA	70508	(337) 227-583	treyboone@thedogstop.net
Krake*	Allen	The Dog Stop Metairie	3201 Transcontinental Dr	Metairie	LA	70006	(504) 453-2763	akrake@thedogstop.com
Rainey	Melissa	The Dog Stop Columbus	399 W. State St	Columbus	OH	43215	(614) 264-4114	mrainey@thedogstop.com
Lawrence	Laura	The Dog Stop Upper St. Clair	1377 McLoughlin Rd	Pittsburgh	PA	15241	(412)849-7512	llawrence@thedogstop.net
Glick	Chad	The Dog Stop Sewickley	8325 Ohio River Blvd	Pittsburgh	PA	15202	(412) 766-3647	chad@thedogstop.net
McGreehan	JC	The Dog Stop Monroeville	4375 Old William Penn Hwy	Monroeville	PA	15146	(412) 373-3355	jc@thedogstop.net
Shannon Stewart	Brian Dean	The Dog Stop Carnegie	207 Mansfield	Carnegie	PA	15106	(202) 321-0795	dstewart@thedogstop.net
Phillips	Breck	Bark Public House	609 9th Ave S	Nashville	TN	37203	314-803-3249	breck@barkpublic.com
Cooper	Tim	The Dog Stop Westfield, TX	920 FM 1960	Houston	TX	77073	(832)-461-1810	tcooper@thedogstop.com



Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
McIntyre	Kelley	The Dog Stop Richmond	9132 W. Broad Street	Richmond	VA	23294	804-241-0253	kmcintyre@thedogstop.com
Sathappan / Mathu	Kalis / Manuu	The Dog Stop Bothell	18001 Bothell Everett highway	Bothell	WA	98012	(425) 922-0370	ksathappan@thedogstop.com

\*Area Developer

**Franchisees with Unopened Outlets as of December 31, 2022:**

Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Balaji	Subramaniam & Hema	The Dog Stop Alpharetta	TBD	Alpharetta	GA	TBD	(678) 343-1652	sbalaji@thedogstop.com hbalaji@thedogstop.com
Buttery	Chris	The Dog Stop Norfolk	TBD	Norfolk	VA	TBD	TBD	<a href="mailto:ctbuttery@thedogstop.com">ctbuttery@thedogstop.com</a>
Cloud	Anna	The Dog Stop Charleston	TBD	Charleston	SC	TBD	(704) 305-1160	acloud@thedogstop.com
Daley	Lynn	The Dog Stop Orange County	TBD	Orange County	CA	TBD	(714) 356-6836	ldaley@thedogstop.com
Dishman*	David & Leigh Ann	The Dog Stop Plano – Parker Plaza East and The Dog Stop TBD #2, & TBD #3	1937 W. Parker Road	Plano	TX	75023	(469) 688-7537	<a href="mailto:ddishman@thedogstop.com">ddishman@thedogstop.com</a> ldishman@thedogstop.com
Dunkel & Herrera	Analaura & Adrianna	The Dog Stop Katy	23165 Morton Ranch Road	Katy	TX	77449	(713) 628-5402	<a href="mailto:adunkel@thedogstop.com">adunkel@thedogstop.com</a> aherrera@thedogstop.com
Eldridge & Pack	Kristin & Darion	The Dog Stop Staring Lane	1871 Staring Lane	Baton Rouge	LA	70808	(504) 559-3225	<a href="mailto:keldridge@thedogstop.com">keldridge@thedogstop.com</a> dpack@thedogstop.com
Fernandez*	Jose Luis	The Dog Stop Atlanta (ATL #2) & (ATL #3)	TBD	Atlanta	GA	TBD	(770) 539-5216	jfernandez@thedogstop.com
Ferrier & Smith	Margra & Steven Ferrier Delorean Smith	The Dog Stop Lexington	TBD	Lexington	KY	TBD	(859) 361-6710	mferrier@thedogstop.com



Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Guthrie & Guigli	Jami & Daniela	The Dog Stop N. Chicago	TBD	Mundelein	IL	60060	(331) 701-9391	<a href="mailto:jguthrie@thedogstop.com">jguthrie@thedogstop.com</a> <a href="mailto:aguthrie@thedogstop.com">aguthrie@thedogstop.com</a>
Hatfield	Greg & Erin	The Dog Stop Colorado Springs	1130 North Newport Road	Colorado Springs	CO	80916	(719) 661-3917	<a href="mailto:ghatfield@thedogstop.com">ghatfield@thedogstop.com</a> <a href="mailto:ehatfield@thedogstop.com">ehatfield@thedogstop.com</a>
Henrikson	Mark & Sandra	The Dog Stop Vacaville	TBD	Vacaville	CA	TBD	(707) 628-0347	<a href="mailto:henrikson1@comcast.net">henrikson1@comcast.net</a> <a href="mailto:fanaticphoto@comcast.net">fanaticphoto@comcast.net</a>
Herrell*	Jeff	TBD #1, CO, TBD #2, CO, & TBD #3, CO,	TBD	TBD	CO	TBD	TBD	<a href="mailto:jeff.herrell@outlook.com">jeff.herrell@outlook.com</a> <a href="mailto:michigancrew@hotmail.com">michigancrew@hotmail.com</a>
Hojda*	Karen & Lev	The Dog Stop Philadelphia #1 & #2	TBD	Philadelphia	PA	TBD	(610) 202-8479	<a href="mailto:khojda@thedogstop.com">khojda@thedogstop.com</a> <a href="mailto:lhodjda@thedogstop.com">lhodjda@thedogstop.com</a>
Hysinger	Brett	The Dog Stop N. Virginia #2	TBD	TBD	VA	TBD	(571) 585-9255	<a href="mailto:bhysinger@thedogstop.com">bhysinger@thedogstop.com</a>
Johnson*	Dow & Lesli Wade	The Dog Stop Tampa #1 & #2	24099 US Hwy 19 N.	Clearwater	FL	33763	(813) 469-4004	<a href="mailto:djohnson@thedogstop.com">djohnson@thedogstop.com</a> <a href="mailto:lwade@thedogstop.com">lwade@thedogstop.com</a>
Krake*	Allen	The Dog Stop Metairie	3201 Transcontinental Dr	Metairie	LA	70006	(504) 453-2763	<a href="mailto:akrake@thedogstop.com">akrake@thedogstop.com</a>
Kuennen & Hill*	Brian & Julie Kuennen Dennis & Becky Hill	The Dog Stop Little Elm and The Dog Stop Frisco #2 & #3	803 E. Eldorado Parkway	Little Elm	TX	75068	(530) 305-9375	<a href="mailto:bkuennen@thedogstop.com">bkuennen@thedogstop.com</a> <a href="mailto:jkuennen@thedogstop.com">jkuennen@thedogstop.com</a> <a href="mailto:dhill@thedogstop.com">dhill@thedogstop.com</a> <a href="mailto:bhill@thedogstop.com">bhill@thedogstop.com</a>
Maddox	Luther (Bill) & Kelley	The Dog Stop Southern Atlanta	TBD	Southern Atlanta	GA	TBD	(940) 443-35991	<a href="mailto:bmaddox@thedogstop.com">bmaddox@thedogstop.com</a> <a href="mailto:kmaddox@thedogstop.com">kmaddox@thedogstop.com</a>
McKenzie	Britt	The Dog Stop Baltimore	TBD	Baltimore	MD	TBD	TBD	<a href="mailto:bmckenzie@thedogstop.com">bmckenzie@thedogstop.com</a>



Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Mehta	Hiral	The Dog Stop Centreville Square II	6001 Centreville Crest Lane	Centreville	VA	20121	(703) 622-4121	hmehta@thedogstop.com
Mooney	Phillip & Ellen	The Dog Stop Rockville Center	TBD	Hempstead	NY	TBD	(516) 458-3780	pmooney@thedogstop.com
Moore & Bailey	Connor & Anne	The Dog Stop Sandy Springs	TBD	Sandy Springs	GA	TBD	TBD	<a href="mailto:cmoore@thedogstop.com">cmoore@thedogstop.com</a> <a href="mailto:abailey@thedogstop.com">abailey@thedogstop.com</a>
Myers & Wiggins*	Dika & John Myers Tammy & JW Wiggins	The Dog Stop Austin #1 & #2	TBD	Austin	TX	TBD	(512) 484-6972	<a href="mailto:dmyers@thedogstop.com">dmyers@thedogstop.com</a> <a href="mailto:jmyers@thedogstop.com">jmyers@thedogstop.com</a> <a href="mailto:twiggings@thedogstop.com">twiggings@thedogstop.com</a> <a href="mailto:jwiggings@thedogstop.com">jwiggings@thedogstop.com</a>
Nunez	Shawn	The Dog Stop Lake Charles	TBD	Lake Charles	LA	TBD	(337) 842-8529	<a href="mailto:Snunez93@yahoo.com">Snunez93@yahoo.com</a>
Page	Andrew	The Dog Stop Lakeview	TBD	Lakeview	IL	TBD	(317) 777-8926	apage@thedogstop.com
Patel*	Zubin & Jessica	The Dog Stop Spring and The Dog Stop N. Houston #2	6941 Spring Stuebner Road, Suite 600	Spring	TX	77379	(713) 416-0250	<a href="mailto:jpatel@thedogstop.com">jpatel@thedogstop.com</a> <a href="mailto:zpatel@thedogstop.com">zpatel@thedogstop.com</a>
Prouty	Jordan	The Dog Stop Metro Portland	TBD	Metro Portland	OR	TBD	(512) 221-6527	<a href="mailto:jprouty@thedogstop.com">jprouty@thedogstop.com</a>
Provost	Chris & Venessa	The Dog Stop N. Colorado	TBD	TBD	CO	TBD	TBD	<a href="mailto:venessaprovost@gmail.com">venessaprovost@gmail.com</a>
Rathert & Scheibelhut	Ryan & Karla	The Dog Stop Denton	TBD	Denton	TX	TBD	TBD	<a href="mailto:rrathert@thedogstop.com">rrathert@thedogstop.com</a> <a href="mailto:nrathert@thedogstop.com">nrathert@thedogstop.com</a> <a href="mailto:kscheibelhut@thedogstop.com">kscheibelhut@thedogstop.com</a>
Rudover & Drobot	Eric & Mike	The Dog Stop Royal Oak	2009 Bellaire Avenue	Royal Oak	MI	48067	(734) 664-3427	<a href="mailto:erudover@thedogstop.com">erudover@thedogstop.com</a> <a href="mailto:mdrobot@thedogstop.com">mdrobot@thedogstop.com</a>
Schutter	Mary Beth	The Dog Stop Cincinnati	TBD	Cincinnati	OH	TBD	TBD	mbschutter@thedogstop.com



Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Smith*	Cindy	The Dog Stop Portland #1, #2, & #3	TBD	Portland	OR	TBD	(503) 330-2512	csmith@thedogstop.com
St. Clair	Jamie	The Dog Stop Knoxville	Western Plaza 4589 Kingsto n Pike	Knoxville	TN	37919	(207) 317-0395	jstclaire@thedogstop.com
Stamper	Johnise & Scott	The Dog Stop San Antonio	TBD	San Antonio	TX	TBD	TBD	<a href="mailto:jstamper@thedogstop.com">jstamper@thedogstop.com</a> <a href="mailto:ssstamper@thedogstop.com">sstamper@thedogstop.com</a>
Steiner*	Justin	The Dog Stop Edgewater and The Dog Stop Orlando #2, #3, #4, & #5	5066 Edgewater Drive	Orlando	FL	32810	(703) 593-9416	justin.steiner@thedogstop.com
Viera	Tom & Lisa	The Dog Stop Cumming	TBD	Cumming	GA	TBD	(404) 395-0186	<a href="mailto:tviera@thedogstop.com">tviera@thedogstop.com</a> <a href="mailto:lviera@thedogstop.com">lviera@thedogstop.com</a>
Weinberg & Lax*	David & Robert	The Dog Stop Central NJ #1, #2, & #3	TBD	TBD	NJ	TBD	(347) 804-4412	<a href="mailto:dweinberg@thedogstop.com">dweinberg@thedogstop.com</a> <a href="mailto:rlax@thedogstop.com">rlax@thedogstop.com</a>

\*Area Developer

### **Former Franchisees:**

The name and last known address of every franchisee who had a The Dog Stop Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2022 to December 31, 2022, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

Last Name	First Name	City & State	Phone	Email
Baird	Lisa	Columbus, OH	(740) 364-8262	lbaird@thedogstop.com



**EXHIBIT F**

**STATE ADDENDA  
AND AGREEMENT RIDERS**





## STATE ADDENDA AND AGREEMENT RIDERS

### ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR THE DOG STOP FRANCHISING, LLC

The following modifications are made to The Dog Stop Franchising, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede certain portions of the Franchise Agreement between you and us dated \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Pennsylvania. When the term “**Supplemental Agreements**” is used, it means Area Development Agreement.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

#### **CALIFORNIA**

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you a FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement, and if applicable, the Supplemental Agreements, require binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Pennsylvania. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Franchise Agreement, and if applicable, the Supplemental Agreements, contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement and Supplemental Agreements require the application of the law of Pennsylvania. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the



Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Relations Act, the California Franchise Relations Act Law will control.

The Franchise Agreement and Supplemental Agreements provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains, and if applicable, the Supplemental Agreements contain, a covenant not to compete which extends beyond the termination of the Franchise. This provision may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

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

The Antitrust Law Section of the Office of the California Attorney General views certain maximum and minimum price agreements as per se violations of the Cartwright Act.

Item 6 of the FDD is amended to state the highest interest rate allowed by law in California is 10% annually.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

## **HAWAII**

The following is added to the Cover Page:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO**



**YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii  
Department of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed on the third page of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:  
None
3. States which have revoked or suspended the right to offer the Franchises are:  
None
4. States in which the proposed registration of these Franchises has been withdrawn are:  
None

## **ILLINOIS**

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.



Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

The Illinois Attorney General’s Office has imposed a bond requirement due to Franchisor’s financial condition. This bond is on file with the Attorney General’s Office.

## **INDIANA**

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.



The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for



breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

**IOWA**

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Dog Stop Franchising, LLC, 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222, or send a fax to The Dog Stop Franchising, LLC at 1-855-635-3935 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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



## MARYLAND

### AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND AREA DEVELOPMENT AGREEMENTS

#### RISK FACTORS:

**Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

Item 17 of the FDD, the Franchise Agreement and the Area Development Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Franchise Agreement and Area Development Agreement are amended to state: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise."

The Franchise Agreement, Area Development Agreement and Franchise Disclosure Questionnaire are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

**Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.**

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).



**FRANCHISOR:**

**THE DOG STOP FRANCHISING, LLC**

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

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
Entity name (if any)

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

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

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

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

**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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 five (5) years; and (ii) you are prohibited by the Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.





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

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

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117



## MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.



## **NEW YORK**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NY 10005, 212-416-8285. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including without limitation, actions affecting a license as a real estate broker or sales agent.



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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

#### **NORTH DAKOTA**

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD, Article 15.4 of the Franchise Agreement and Section 13 of the Area Development Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section



9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

**OHIO**

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials \_\_\_\_\_ Date \_\_\_\_\_

**NOTICE OF CANCELLATION**

\_\_\_\_\_ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to The Dog Stop Franchising, LLC, 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222, or send a fax to The Dog Stop Franchising, LLC at 1-855-635-3935 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

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

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

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

Its: \_\_\_\_\_

**RHODE ISLAND**

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable.



The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

## **SOUTH DAKOTA**

Intentionally left blank.

## **VIRGINIA**

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for The Dog Stop Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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

**The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.**

## **WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, FRANCHISE DISCLOSURE QUESTIONNAIRE, AND RELATED AGREEMENTS**

Franchisor has posted a Surety Bond in the state of Washington in the sum of One Hundred Thousand Dollars (\$100,000), pursuant to Chapter 19.100 RCW of the Washington State Franchise Investment Protection Act. The Washington Attorney General’s Office imposed the bond requirement due to Franchisor’s financial condition.

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.



In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

## WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

*(Signatures on following page)*





**APPLICABLE ADDENDA**

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- |                          |            |                          |              |                          |              |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan     | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii     | <input type="checkbox"/> | Minnesota    | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois   | <input type="checkbox"/> | New York     | <input type="checkbox"/> | Virginia     |
| <input type="checkbox"/> | Iowa       | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington   |
| <input type="checkbox"/> | Indiana    | <input type="checkbox"/> | Ohio         | <input type="checkbox"/> | Wisconsin    |
| <input type="checkbox"/> | Maryland   |                          |              |                          |              |

Dated: \_\_\_\_\_, 20\_\_

**FRANCHISOR:**

THE DOG STOP FRANCHISING, LLC

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

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

**FRANCHISEE:**

\_\_\_\_\_

\_\_\_\_\_

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

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





**EXHIBIT G**

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## **EXHIBIT H**

### **CONTRACTS FOR USE WITH THE DOG STOP FRANCHISE**

The following contracts contained in Exhibit H are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the TDS Business. The following are the forms of contracts that The Dog Stop Franchising, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.





**EXHIBIT H-1**

**THE DOG STOP FRANCHISE**

**SAMPLE GENERAL RELEASE AGREEMENT**

**WAIVER AND RELEASE OF CLAIMS**

This Waiver and Release of Claims ("Release") is made as of \_\_\_\_\_, 20\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of The Dog Stop Franchising, LLC, a Pennsylvania limited liability company ("Franchisor," and together with Releasor, the "Parties").

**WHEREAS**, Franchisor and Franchisee have entered into a Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a TDS business;

**WHEREAS**, [Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement] or [the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release], and Franchisor has consented to such [transfer/successor franchise agreement/amendment/termination/other reason]; and

**WHEREAS**, as a condition to Franchisor's consent to [transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason], Releasor has agreed to execute this Release upon the terms and conditions stated below.

**NOW, THEREFORE**, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the



franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Agreement to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Pennsylvania.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

i. This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.



IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

**FRANCHISEE:**

\_\_\_\_\_, a  
\_\_\_\_\_

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

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

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

**FRANCHISEE'S OWNERS:**

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Typed or Printed Name



## EXHIBIT H-2

### THE DOG STOP FRANCHISE

#### SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of The Dog Stop Franchising, LLC, a Pennsylvania limited liability company, and its successors and assigns (“us,” “we” or “our”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes a TDS Business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a TDS Business or the solicitation or offer of a The Dog Stop franchise, whether now in existence or created in the future.

“*Franchisee*” means The Dog Stop franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a TDS Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Franchise Operations Manual for the operation of a TDS Business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a TDS Business, including “THE DOG STOP,” and any other trademarks, service marks, or trade names that we designate for use by a TDS Business. The term “Marks” also includes any distinctive trade dress used to identify a TDS Business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: (a) any of our employees or managers (or those of our affiliates or franchisees) to leave their position; or (b) any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.



“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s TDS Business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the nine month period after you cease to be a manager or officer of Franchisee’s TDS Business.

“*Restricted Territory*” means the geographic area within: (i) a 50-mile radius from Franchisee’s TDS Business (and including the premises of the approved location of Franchisee); and (ii) a 50-mile radius from all other TDS Businesses that are operating or under construction as of the beginning of the *Restricted Period*; provided, however, that if a court of competent jurisdiction determines that the foregoing *Restricted Territory* is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 25-mile radius from Franchisee’s TDS Business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of a TDS Business, including Know-how, proprietary programs and products, Manual, and operating system.

**2. Background.** You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

**3. Know-How and Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than the TDS Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s TDS Business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

**4. Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s TDS Business by engaging in any Prohibited Activities.

**5. Unfair Competition After Relationship.** You agree not to unfairly compete with us during the *Restricted Period* by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the *Restricted Territory*. If you engage in any Prohibited Activities during the *Restricted Period*, then you agree that your *Restricted Period* will be extended by the period of time during which you were engaging in the Prohibited Activity.

**6. Immediate Family Members.** You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have



violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

**7. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**8. Breach.** You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other The Dog Stop franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

**9. Miscellaneous.**

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Pennsylvania, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

EXECUTED on the date stated below.



Date \_\_\_\_\_

Signature \_\_\_\_\_

Typed or Printed Name \_\_\_\_\_



**EXHIBIT H-3**

**THE DOG STOP FRANCHISE**

**SAMPLE CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of The Dog Stop Franchising, LLC, a limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

**1. Definitions.** For purposes of this Agreement, the following terms have the meanings given to them below:

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow The Dog Stop franchisees to use, sell, or display in connection with the marketing and/or operation of a TDS Business, whether now in existence or created in the future.

“*Franchisee*” means The Dog Stop franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a TDS Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our Franchise Operations Manual for the operation of a TDS Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a TDS Business, including “THE DOG STOP” and any other trademarks, service marks, or trade names that we designate for use by a TDS Business. The term “Marks” also includes any distinctive trade dress used to identify a TDS Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of a TDS Business, including Know-how, proprietary programs and products, Franchise Operations Manuals, and operating system.

“*TDS Business*” means a business that operates a pet care facility offering dog daycare, training, grooming, boarding and in-home services and other related products and services using our Intellectual Property.

**2. Background.** You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

**3. Know-How and Intellectual Property: Nondisclosure and Ownership.** You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the TDS Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will





maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of The Dog Stop Franchising, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

**4. Immediate Family Members.** You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

**5. Covenants Reasonable.** You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

**6. Breach.** You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other The Dog Stop franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

#### **7. Miscellaneous.**

a. Although this Agreement is entered into in favor of The Dog Stop Franchising, LLC, you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.



b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Pennsylvania, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date \_\_\_\_\_

Signature \_\_\_\_\_

\_\_\_\_\_  
Typed or Printed Name



**EXHIBIT H-4**

**AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM**

**FRANCHISEE INFORMATION:**

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

**BANK ACCOUNT INFORMATION:**

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

**AUTHORIZATION:**

Franchisee hereby authorizes The Dog Stop Franchising, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Federal Tax ID Number: \_\_\_\_\_

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



**EXHIBIT H-5**

**THE DOG STOP FRANCHISE**

**SAMPLE APPROVAL OF REQUESTED ASSIGNMENT**

This Approval of Requested Assignment (“**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between The Dog Stop Franchising, LLC (“**Franchisor**”), a [State] [corporation/limited liability company], \_\_\_\_\_ (“**Former Franchisee**”), the undersigned owners of Former Franchisee (“**Owners**”) and \_\_\_\_\_, a [State] [corporation/limited liability company] (“**New Franchisee**”).

**RECITALS**

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Former Franchise Agreement**”), in which Franchisor granted Former Franchisee the right to operate a The Dog Stop franchise located at \_\_\_\_\_ (“**Franchised Business**”); and

WHEREAS, Former Franchisee desires to assign (“**Requested Assignment**”) the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Agreement, including that New Franchisee sign Franchisor’s current form of franchise agreement together with all exhibits and attachments thereto (“**New Franchise Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Franchisee’s signing the New Franchise Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement and waives any obligation for Former Franchisee to enter into a subordination agreement pursuant to the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Franchise Agreement shall terminate and all of



Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a The Dog Stop franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("**Transaction**") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.



13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Pennsylvania.

**IN WITNESS WHEREOF**, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**

THE DOG STOP FRANCHISING, LLC

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

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

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

**FORMER FRANCHISEE:**

\_\_\_\_\_

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

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

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

**NEW FRANCHISEE:**

\_\_\_\_\_

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

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

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



**EXHIBIT H-6**

**THE DOG STOP FRANCHISE**

**LEASE ADDENDUM**

This Addendum to Lease (“**Addendum**”), dated \_\_\_\_\_, 20\_\_\_\_, is entered into by and between \_\_\_\_\_ (“**Landlord**”), \_\_\_\_\_ (“**Tenant**”) and The Dog Stop Franchising, LLC (“**Franchisor**”), collectively referred to herein as the “**Parties**.”

A. Landlord and Tenant have entered into a certain Lease Agreement dated \_\_\_\_\_, 20\_\_\_\_, and pertaining to the premises located at \_\_\_\_\_ (“**Lease**”).

B. Landlord acknowledges that Tenant intends to operate a franchised business from the leased premises (“**Premises**”) pursuant to a Franchise Agreement (“**Franchise Agreement**”) with Franchisor under Franchisor’s trademarks and other names designated by Franchisor (herein referred to as “**Franchised Business**” or “**Franchise Business**”).

C. The parties now desire to supplement the terms of the Lease in accordance with the terms and conditions contained herein.

**NOW, THEREFORE**, it is hereby mutually covenanted and agreed among the Parties as follows:

1. Use of the Premises. During the term of the Franchise Agreement, the Premises shall be used only for the operation of the Franchised Business.

2. Franchise System. Landlord hereby consents to Tenant’s use of such proprietary marks, signs, interior and exterior décor items, color schemes and related components of the Franchised Business required by Franchisor. Tenant’s use of such items shall at all times be in compliance with all applicable laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Premises.

3. Assignment. Tenant shall have the right, without further consent from Landlord, to sublease or assign all of Tenant’s right, title, and interest in the Lease to an assignee of the Tenant or the Franchised Business (“**Franchise Assignee**”) at any time during the term of the Lease, including any extensions or renewals thereof. In addition, if Tenant fails to timely cure any default under either the Lease or the Franchise Agreement, Franchisor or a Franchise Assignee that Franchisor designates, will, at its option, have the right, but not the obligation, to take an assignment of Tenant’s interest under the Collateral Assignment of Lease or other form of assignment and assumption document reasonably acceptable to Landlord, provide such Franchise Assignee cures a default of the Lease no later than ten days following the end of Tenant’s cure period. No assignment shall be effective until: (i) a Franchise Assignee gives Landlord written notice of its acceptance of the assignment and assumption of the Lease; and (ii) Tenant or the Franchise Assignee has cured all material defaults of the Lease for which it has received notice from Landlord. Nothing contained herein or in any other document shall create any obligation or liability of Franchisor, any Franchise Assignee, or guarantor thereof under the Lease unless and until the Lease is assigned to, and accepted in writing by a Franchise Assignee. In the event of any assignment or purported assignment under this Addendum, Tenant shall remain liable under the terms of the Lease and the assignee or subtenant shall retain all of the Tenant’s rights granted in the Lease including without limitation: (x) any grant of a protected territory or use exclusivity; and (y) the renewal or extension of the Lease term. With



respect to any assignment proposed or consummated under this Addendum, Landlord hereby waives any rights it may have to: (A) recapture the Premises; (B) terminate the Lease; or (C) modify any terms or conditions of the Lease. If Franchisor accepts an assignment and assumes the Lease under this section, Franchisor shall have the right to further sublet or reassign the Lease to another Franchise Assignee without Landlord's consent in which event Franchisor shall be released from any obligation or liability under the Lease. As used in this Addendum, "**Franchise Assignee**" means: (i) Franchisor or Franchisor's parent, subsidiary, or affiliate; or (ii) any franchisee of Franchisor or of Franchisor's parent, subsidiary, or affiliate.

4. Default and Notice.

a. If Tenant defaults on or breaches the Lease and Landlord delivers a notice of default to Tenant, Landlord shall contemporaneously send a copy of such default notice to Franchisor. Franchisor shall have the right, but not the obligation, to cure the default during Tenant's cure period plus an additional ten day period. Franchisor will notify Landlord whether it intends to cure the default prior to the end of Tenant's cure period.

b. All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

The Dog Stop Franchising, LLC  
1632 William Flinn Highway  
Pittsburgh, Pennsylvania 15222

Franchisor may change its address for receiving notices by giving Landlord written notice of the new address. Landlord agrees that it will notify both Tenant and Franchisor of any change in Landlord's mailing address to which notices should be sent.

c. Tenant and Landlord agree not to terminate, or materially amend the Lease during the term of the Franchise Agreement or any renewal thereof without Franchisor's prior written consent. Any attempted termination, or material amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

5. Termination or Expiration.

a. If Franchisor does not elect to take an assignment of the Tenant's interest, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect the Franchisor's trademarks and franchise system and to distinguish the Premises from a Franchised Business provided that Franchisor repairs any damage caused to the Premises by exercise of its rights hereunder.

b. If any Franchise Assignee purchases any assets of Tenant, Landlord shall permit such Franchise Assignee to remove all the assets being purchased, and Landlord waives any lien rights that Landlord may have on such assets.





6. Consideration; No Liability.

a. Landlord acknowledges that the Franchise Agreement requires Tenant to receive Franchisor's approval of the Lease prior to Tenant executing the Lease and that this Addendum is a material requirement for Franchisor to approve the Lease. Landlord acknowledges Tenant would not lease the Premises without this Addendum. Landlord also hereby consents to the Collateral Assignment of Lease from Tenant to Franchisor as evidenced by Attachment 1.

b. Landlord further acknowledges that Tenant is not an agent or employee of Franchisor, and Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any Franchise Assignee, and that Landlord has entered into this with full understanding that it creates no duties, obligations, or liabilities of or against any Franchise Assignee.

7. Amendments. No amendment or variation of this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions, and covenants of the Lease shall remain in full force and effect and are incorporated herein by reference and made a part of this Agreement as though copies herein in full.

**IN TESTIMONY WHEREOF**, witness the signatures of the Parties hereto as of the day, month, and year first written above.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

**FRANCHISOR:**

\_\_\_\_\_

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

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

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



**EXHIBIT H-6 Attachment 1**

**ATTACHMENT 1 TO LEASE ADDENDUM**

**COLLATERAL ASSIGNMENT OF LEASE**

FOR VALUE RECEIVED, as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), the undersigned, \_\_\_\_\_ (“**Assignor**”) hereby assigns, transfers and sets over unto The Dog Stop Franchising, LLC (“**Assignee**”) all of Assignor’s right, title, and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit A (“Lease”)** with respect to the premises located at \_\_\_\_\_.  
This Collateral Assignment of Lease (“**Assignment**”) is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee expressly assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein, and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under that certain franchise agreement for a franchise between Assignee and Assignor (“**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered, in Assignee’s sole discretion, to: (i) cure Assignor’s default of the Lease; (ii) take possession of the premises demised by the Lease; (iii) expel Assignor from the premises, either temporarily or permanently; (iv) terminate Assignee’s rights, title, and interest in the Lease; and/or (v) assume the Lease. If Assignee expends sums to cure a default of the Lease, Assignor shall promptly reimburse Assignee for the cost incurred by Assignee in connection with such performance, together with interest thereon at the rate of two percent (2%) per month, or the highest rate allowed by law.

Assignor agrees it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Through the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest to exercise the extension or renewal options in the name, place, and stead of Assignor for the sole purpose of effecting the extension or renewal.

*(Signatures on following page)*



**IN WITNESS WHEREOF**, Assignor and Assignee have signed this Collateral Assignment of Lease as of the Effective Date first above written.

**ASSIGNOR:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

**ASSIGNEE:**

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

Its: \_\_\_\_\_



**EXHIBIT I**

**STATE EFFECTIVE DATES**



## State Effective Dates

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

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

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
Rhode Island	
Virginia	
Washington	
Wisconsin	

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 J**

**RECEIPTS**



**RECEIPT**  
**(Retain This 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 The Dog Stop 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.

Under Iowa law, if applicable, The Dog Stop Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires The Dog Stop Franchising, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Dog Stop 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, DC 20580, and the appropriate state agency identified on Exhibit A. The Dog Stop Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Jesse Coslov, 1632 William Flinn Highway, Glenshaw, PA 15116 (855) 635-3935
Brandon Neilson, 1632 William Flinn Highway, Glenshaw, PA 15116 (855) 635-3935

Issuance Date: April 28, 2023

I received a disclosure document issued April 28, 2023 that included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D Area Development Agreement
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Franchise Operations Manual Table of Contents
- Exhibit H Contracts for use with The Dog Stop Franchise
- Exhibit I State Effective Dates
- Exhibit J Receipts

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name

**PLEASE RETAIN THIS COPY FOR YOUR RECORDS.**



**RECEIPT  
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If The Dog Stop 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.

Under Iowa law, if applicable, The Dog Stop Franchising, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires The Dog Stop Franchising, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Dog Stop 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 appropriate state agency identified on Exhibit A. The Dog Stop Franchising, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

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Issuance Date: April 28, 2023

I received a disclosure document issued April 28, 2023 that included the following exhibits:

- Exhibit A List of Agreement State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise
- Exhibit D Area Development Agreement
- Exhibit E List of Current and Former Franchisees
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Franchise Operations Manual Table of Contents
- Exhibit H Contracts for use with The Dog Stop Franchise
- Exhibit I State Effective Dates
- Exhibit J Receipts

_____	_____	_____
Date	Signature	Printed Name
_____	_____	_____
Date	Signature	Printed Name

**Please sign this copy of the receipt, date your signature, and return it to The Dog Stop Franchising, LLC, 1632 William Flinn Highway, Pittsburgh, Pennsylvania 15222.**

