

## FRANCHISE DISCLOSURE DOCUMENT



Pet Fresh Franchising, LLC  
A Minnesota Limited Liability Company  
7616 Currell Boulevard, Suite 100  
Woodbury, MN 55125-2295  
(651) 731-0515  
slinn@thelinnco.com  
<https://petfreshdogwash.com/>

As a Pet Fresh Dog Wash franchisee, you will operate a business providing self-serve pet washing bay(s) or self-serve pet washing bay(s) plus pet grooming services within an enclosed, retail environment.

The total investment necessary to begin operation of a Pet Fresh Dog Wash franchise is \$91,450 to \$450,500. This includes \$10,000-\$20,000 that must be paid to the franchisor or its affiliates.

The total investment necessary to begin operation under a 2-5 unit Multi-Unit Development Agreement (including the first unit) is \$100,450 to \$510,500. This includes \$18,000 to \$75,000 that must be paid to the franchisor or its affiliates.

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

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, please contact William Wallace at 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295 and (651) 731-0515.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](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: March 28, 2024 (See State Effective Dates page immediately prior to Receipt pages for state specific effective dates.)

## 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 H.
<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 F 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 Pet Fresh Dog Wash 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 Pet Fresh Dog Wash franchisee?</b>	Item 20 or Exhibit H 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 (if any).

See the Table of Contents for the location of the State Specific Addenda.

## Special Risk(s) to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Minnesota. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Minnesota than in your own state.
2. **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.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

**NOTICE MANDATED BY SECTION 8 OF  
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
Consumer Protection  
Franchise Section  
525 W. Ottawa Street  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

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### Exhibits

- A. State Administrators and Agents for Service of Process
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- State Effective Dates  
Receipt (2 copies)

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

In this disclosure document, “we”, “us,” or “our” refers to Pet Fresh Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

Us, Any Parents, Predecessors and Certain Affiliates

Our name is Pet Fresh Franchising, LLC. Our principal business address is 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295. We are a Minnesota limited liability company formed on April 7, 2022. We began offering Pet Fresh Dog Wash franchises in June 2022. We do business under the names “Pet Fresh Franchising, LLC” and “Pet Fresh Dog Wash”. We do not intend to use any other names to conduct business. We do not have any parent entities.

Although we have never operated a Pet Fresh Dog Wash, as of December 31, 2023, our affiliate, Linn Retail Centers, Inc. dba Pet Fresh Dog Wash (“Linn”), operated 4 Pet Fresh Dog Wash locations in Minnesota. Linn began operating Pet Fresh Dog Washes when it opened its first Minnesota location in 2020. Linn may be considered a predecessor of ours as it has licensed the Pet Fresh Dog Wash trademarks to us. It has never offered franchises in any line of business. It has the same principal business address as we do.

We do not have any affiliates that provide products or services to our franchisees other than L/C Commercial, LLC (“LCC”). LCC may provide commercial real estate support services to our franchisees. LCC’s principal business address is the same as ours. LCC has never operated the type of business a Pet Fresh Dog Wash franchisee will operate nor has it ever offered franchises in any line of business.

We do not have any affiliates that offer franchises in any line of business other than Tumble Fresh Franchising, LLC (“Tumble Fresh”). Tumble Fresh has the same principal business address as we do. Tumble Fresh offers franchises for self-service laundromats operated under the Tumble Fresh Coin Laundry name. It began offering these franchises in June 2022 and as of December 31, 2023, Tumble Fresh had one franchise. It has never conducted a Pet Fresh Dog Wash business nor offered Pet Fresh Dog Wash franchises.

Our agent for service of process in Minnesota is William Wallace, and the agent’s principal business address is 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295. Our agents for service of process in other states are disclosed in Exhibit A.

Information About Our Business and the Franchises Offered

If you sign a franchise agreement with us, you will develop and operate a business providing self-serve pet washing bay(s) or a self-serve pet washing bay(s) plus a pet grooming facility within an enclosed retail environment, under the trade name Pet Fresh Dog Wash (“Pet Fresh Dog Wash”). If you sign a Multi-Unit Development Agreement (attached as Exhibit C to



this disclosure document), you will develop multiple Pet Fresh Dog Wash outlets, on an agreed-upon schedule. For each outlet you open, you must sign our then-current form of franchise agreement, which may be different from the form of franchise agreement included in this disclosure document.

The do it yourself Pet Wash market is well developed and competitive. Although you will offer your products *and/or* services year-round there is some seasonality to the business especially in cold-weather states such as those in the mid-western part of the United States. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering self-serve pet washing bay(s) and grooming services.

### Laws and Regulations

You must comply with all federal, state and local regulations applicable to your business. We are not aware of any laws or regulations specific to the industry in which the franchise business operates. However, depending upon the state in which you operate, your groomers may need to be licensed at the state or local level.

You should consult with a legal advisor about legal requirements that may apply to your business.

## **Item 2 BUSINESS EXPERIENCE**

### **Stephen Linn – President and Chief Manager**

Stephen Linn has been our President and Chief Manager since April 2022. Mr. Linn has acted as the CEO and CFO of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since 1980. He has also acted as the President and Chief Manager of our affiliate Tumble Fresh located in Woodbury, MN since April 2022.

### **Jeffrey Linn – Vice President**

Jeffrey Linn has been our Vice President since April 2022. He has also served as the Vice President of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since August 1983. He has also acted as the Vice President of our affiliate Tumble Fresh located in Woodbury, MN since April 2022.

### **Amy Dumonceaux – Secretary**

Amy Dumonceaux has been our Secretary since April 2022. She has served as a Vice President and the Secretary of our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since June 1995. She has also acted as the Secretary of our affiliate Tumble Fresh located in Woodbury, MN since April 2022.

**Kenneth Rohlf – General Counsel**

Kenneth Rohlf has been our General Counsel since April 2022. He has served as the President/General Counsel of our affiliate Linn Retail Centers, Inc., located in Woodbury, MN from September, 2018 through December 2022. He practiced law at LeVander, Gillen & Miller, P.A. located in South St. Paul, MN from September 1991 to August 2018. He has also served as the General Counsel for our affiliate Tumble Fresh located in Woodbury, MN since April 2022.

**William Wallace – President and COO**

William Wallace has been the Chief Operating Officer of our affiliate, Linn Retail Centers, Inc. located in Woodbury, MN since July 2019. He took on the additional role as President of Linn Retail Centers, Inc., in January 2023. He also served as the Regional Director of Operations for Holiday Companies located in Bloomington, MN from September 1999 to March 2019.

**Blake Martin – Vice President of Franchise Development**

Blake Martin has been our Vice President of Franchise Development since December 2020. He has also been the Vice President of Real Estate for our affiliate, Linn Retail Centers, Inc., located in Woodbury, MN since December 2020. He also served as the Associate Vice President of Upland Real Estate Group, Inc. located in Minneapolis, MN from May 2013 to November 2020.

**Amanda Knuuttila – Sales Support Manager**

Amanda Knuuttila has served as our Sales Support Manager since April 2022 and as the Sales Support Manager for our affiliate Tumble Fresh located in Woodbury, MN since April 2022. She has also served as the Sales Support Manager for our affiliate Linn Retail Centers, Inc. located in Woodbury, MN since July 2018. Before that she worked as a Store Manager for Linn from June 2011 to July 2018.

**Item 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4  
BANKRUPTCY**

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

**Item 5**  
**INITIAL FEES**

Franchise Fee

The amount of Initial Franchise Fee you pay depends on the type of facility you plan on opening. You must pay us a \$10,000 Initial Franchise Fee for a self-serve pet wash only facility or a \$20,000 Initial Franchise Fee for a facility that has a self-serve pet wash plus pet grooming services. This fee is payable when you sign the franchise agreement. It is uniform and is not refundable.

Since we did not sell a Pet Fresh Dog Wash franchise in our fiscal year ended December 31, 2023, we did not charge an Initial Franchise Fee.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your Initial Franchise Fees will be reduced in accordance with the following schedule:

Per Unit Initial Franchise Fee for Self-Serve Pet Wash Facility only:

2 Units	\$9,000
3 Units	\$8,500
4 Units	\$8,000
5 Units	\$7,500

Per Unit Initial Franchise Fee for Self-Serve Pet Wash plus Pet Grooming Services Facility:

2 Units	\$18,000
3 Units	\$17,000
4 Units	\$16,000
5 Units	\$15,000

Each location after the first one must be opened within one-year of the previous location being opened.

You will pay all Initial Franchise Fees upon signing the MUDA. They are uniform and not refundable.

**Item 6  
OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty	6% of your monthly Gross Sales	Monthly, by the 1 <sup>st</sup> Tuesday of the following month	See Note 1 and Note 2.
Marketing Fund Contribution	2% of your monthly Gross Sales	Monthly, by the 1 <sup>st</sup> Tuesday of the following month	See Item 11 for a detailed discussion about these funds. See Note 2.
Replacement / Additional Training fee	Currently, \$300 per day	Before attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Local Advertising	1% of your monthly Gross Sales	Upon demand	If you fail to spend at least 1% of your monthly Gross Sales on local advertising we have approved in your market, you must pay us the difference and we will spend that amount in your market area.
Non-compliance fee	\$500	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. We can then charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or must pay to a third party, you must reimburse us.
Processing Fee	Our then-current fee. Currently, 2.5% of the amount of each sale transaction made through the Tumble Fresh app.		We may increase this fee on 30 days' notice to you.

Type of Fee	Amount	Due Date	Remarks
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 1.5% per month (or, if such rate exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or maximum allowed by law, whatever is less)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses. Currently, \$600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Sales by more than 3% for any period.
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.

Type of Fee	Amount	Due Date	Remarks
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	\$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you transfer the franchise or sell your business.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us. All fees are imposed by us and collected by us. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

#### Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

2. We currently require you to pay royalty fees, brand fund contributions and other amounts due to us via electronic funds transfer or other similar means. You must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to this disclosure document as Exhibit K or other form that we may require) for

direct debits from your business bank operating account. Under this procedure you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You will make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely reported Gross Sales for any reporting period, we can, at our option, debit your account in an amount equal to 125% of the last Gross Sales reported to us, and we will true-up the actual fees after you report Gross Sales.

**Item 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (see Note 1)	\$10,000 - \$20,000	Check or wire transfer	Upon signing the franchise agreement	Us
Rent and Lease Security Deposit (see Note 2)	\$1,000 - \$10,000	Check	Upon signing lease	Landlord
Utilities	\$200 - \$500	Check, debit, and/or credit	Upon ordering service (Does not include regular monthly utility bills after location is opened).	Utility providers
Leasehold Improvements	\$10,000 - \$150,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$3,000 - \$15,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$35,000 - \$150,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Computer Systems (Note 3)	\$1,000 - \$6,500	Check, debit, and/or credit	As incurred	Vendors and suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Insurance	\$500 - \$1,500	Check	Upon ordering	Insurance company
Signage (Note 4)	\$7,500 - \$60,000	Check, debit, and/or credit	Upon ordering	Vendor
Office Expenses	\$500 - \$1,000	Check, debit, and/or credit	As incurred	Vendors
Inventory	\$500 - \$1,500	Check, debit, and/or credit	Upon ordering	Vendors
Licenses and Permits	\$250 - \$500	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.)	\$1,000 - \$2,500	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training	\$1,000 - \$1,500	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 5)	\$20,000 - \$30,000	Varies	Varies	Employees, suppliers, utilities
Total	\$91,450 - \$450,500			This is the total estimated initial investment to open and commence operating your initial location for the first three months.

Notes to Chart Above

1. The low estimates in the chart above are for the purchase of a single self-serve pet wash only facility. The high estimates are for the purchase of a single self-serve pet wash plus pet grooming services with one groomer. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment. The amount of Initial Franchise Fee you pay will depend on the type of facility you seek to open. See Item 5 for additional information.

2. We expect that you will lease the location for your business. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this



to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business.

3. Each of these estimates include the cost to acquire a computer and assume you are using the FasCard Payment Processing Systems for your point-of-sale system in your business. The high estimate also includes the cost to acquire and operate for 3 months the cloud based business management solution that we require your groomer use to set appointments. The cost to acquire this system will be between \$650 and \$1,100 depending upon whether you purchase a receipt printer. You must also pay a monthly fee of \$35 if you have one groomer and \$45 per month if you have 2 groomers. You will also pay a 2.2% processing fee on all credit card transactions. This fee is not included in the estimate as we have no way of knowing how many transactions you will process on a monthly basis or the amounts of these transactions. Although we do not require you to use any specific computer software in your business we do require that you use some type of accounting software to manage the finances of your businesses. We have included this too in these estimates.

4. The low estimate assumes you purchase only the required internal and external signage and graphics for your location. The high estimate assumes you also purchase an electronic message center for use in your business.

5. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Pet Fresh Dog Wash business by our affiliate, and our general knowledge of the industry.

**YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
First franchise (see Note 1)	\$81,450 - \$430,500	Varies	Varies	Varies
Initial Franchise Fees for two to five units (see Note 2)	\$18,000 - \$75,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
<b>Total</b>	<b>\$100,450 - \$510,500</b>			

## Notes to Multi-Unit Development Agreement Chart Above

1. These costs were taken from the initial chart in this Item 7 except that we have excluded the Initial Franchise Fee as that cost is accounted for in the row below. You would otherwise incur these costs for the initial unit opened under the MUDA. For your second and each subsequent unit your costs may be higher than the above estimates due to inflation and other economic factors.

2. All Initial Franchise Fees are due at the time the MUDA is signed. The low estimate is for the Initial Franchise Fees for 2 self-serve pet wash franchises (\$9,000 x 2) and the high estimate is for the Initial Franchise Fees for 5 self-serve pet wash plus pet grooming services franchises (\$15,000 x 5). See Item 5 for additional information.

## **Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

### Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications.

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale system and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, that we specify. If you will be providing grooming services we require that you use a cloud based business management solution to set and manage your appointments. We have a single supplier for the point-of-sale system and the appointment setting system. These suppliers are unaffiliated with us. See Item 11 for more details.

D. Equipment, Supplies, signage, and interior graphics. Your signage, including door signs, digital signs and all graphics, certain equipment, including your dog wash, dog wash waste station and waste dispenser, and certain supplies, including dog shampoo, disinfectant, flea and tick treatment, and conditioner, and floor mats must be purchased from our approved suppliers and must meet our specifications. We only have a single approved supplier for the dog wash, dog wash waste station and waste dispenser, the dog shampoo, disinfectant, flea and tick treatment, and conditioner, and the floor mats.

#### Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any good or service that you must purchase, although we reserve to the right to be a supplier (or the sole supplier) of a good or service in the future. If we become the supplier of a good or service we intend to make a profit on any goods or services we sell to you. We do have one affiliated supplier for commercial real estate support services but you have no obligation to use this supplier.

#### Ownership of Suppliers

None of our officers owns an interest in any supplier to our franchisees other than L/C Commercial, LLC (“LCC”), our affiliated supplier.

#### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers for an item or service for which we do not have only a sole supplier, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 8 weeks after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose).

### Revenue to Us and Our Affiliates

As we had no franchisees in 2023, we did not derive revenue from required purchases and leases by franchisees.

### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 40% to 50% of your total purchases and leases of goods and services to operate your business.

### Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so and we intend to receive rebates or other payments from various suppliers based on franchisee purchases. There are no caps or limitations on the amount of rebates we may receive from suppliers as a result of franchisee purchases. They may also provide us and our affiliates with credits on purchases we and our affiliates make from them based on the volume of purchases our franchisees make from them. Although these rebates may range in type and form, we anticipate they will be between 1% and 10% of the purchase price of the goods or services.

### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

### Negotiated Arrangements

We do not negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, we may do so in the future.

### Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

## **Item 9 FRANCHISEE'S OBLIGATIONS**

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

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: § 5.4; Section 6 MUDA: §§1(a), 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 4.4, 5.3, 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 6, 7 and 11
e. Opening	FA: §§ 6.4, 6.5 MUDA: §1(a)	Items 5, 7, 8 and 11
f. Fees	FA: Section 4, §§ 5.5, 7.8, 9.3, 10.5, 11.2, 11.3, 14.4, 15.2, 16.1, 17.6 MUDA: §§1(a), 1(b)	Items 5, 6, 7 and 11
g. Compliance with standards and policies/operating manual	FA: §§ 4.5, 6.4, 7.1, 7.2, 7.3, 7.5, 7.9 –7.13, 7.15, 10.1 – 10.4, 11.1, 11.2 MUDA: Sections 1 and 6	Items 6, 8, 11, 12 and 14
h. Trademarks and proprietary information	FA: Section 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 6.1, 6.3, 7.3, 7.5, 7.8, 7.9 MUDA: Not Applicable	Items 6, 8 and 16
k. Territorial development and sales quotas	FA: Not applicable MUDA: §1(a), 4(ii)	Item 12
l. Ongoing product/service purchases	FA: Section 8 MUDA: Not Applicable	Items 6, 8 and 16

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 7, 8 and 11
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Section 9 MUDA: Not Applicable	Items 6 and 11
p. Indemnification	FA: Section 16 MUDA: Not Applicable	Item 6
q. Owner's participation/management/staffing	FA: §§ 2.4, 5.2, 5.5, 7.5(a) MUDA: Not Applicable	Items 11 and 15
r. Records and reports	FA: Section 10 MUDA: Not Applicable	Items 6 and 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Section 15 MUDA: Section 7	Items 6 and 17
u. Renewal	FA: §§ 3.2, 6.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Section 13, § 14.3, Attachment 3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2, Attachment 3 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Section 17 MUDA: Section 7	Items 6 and 17

## **Item 10 FINANCING**

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

**Item 11**  
**FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Franchise Agreement - Section 5.4(a)). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Franchise Agreement – Section 6.1). If we and you cannot agree on a site within 90 days of the date you sign your Franchise Agreement we may terminate your franchise agreement and retain any amounts you have paid to us (Franchise Agreement - Section – 14.2(c)). Once we approve your site, your landlord must sign our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. (Franchise Agreement - Section 5.4(b))

C. *Hiring and training employees.* We will provide you with our suggested staffing levels and operational instructions in the Manual which you can use as part of your training of new employees (Franchise Agreement – Sections 5.2 and 5.3), and our initial training program described below. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Franchise Agreement - Section 5.4(b)) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items.

E. *Brand Standards Manual.* We will give you access to our Brand Standards Manual (Franchise Agreement - Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Franchise Agreement - Section 5.4(d)). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Franchise Agreement - Section 5.4(c))

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Franchise Agreement - Section 9.6)

I. *On-site opening support.* We will have a representative provide on-site support for one to two days in connection with your business opening. (Franchise Agreement - Section 5.4(e))

#### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 3-12 months. Factors that may affect the time period include your ability to sign a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees. You must open your business within 180 days after you sign your lease or sublease for the facility or you otherwise acquire control of the property (Franchise Agreement – Section 6.5), unless the business is the second or more business to be opened by you under a Multi-Unit Development Agreement. In that case, you must open the business to the public within 1 year of the last opening of a business by you under the Multi-Unit Development Agreement.

#### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels and operational instructions in the Manual which you can use as part of your training of new employees (Franchise Agreement – Sections 5.2 and 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Advice on operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we



may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement - Section 5.5(a))

D. *Establishing prices.* Upon your request, we will provide recommended prices for products and services. (Franchise Agreement – Sections 5.5(b) and 7.4).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Franchise Agreement - Section 5.5(c)). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Franchise Agreement - Section 5.5(d)). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Franchise Agreement – Section 9.3)

G. *Website.* We will maintain a website for the Pet Fresh Dog Wash brand, which will include your business information and telephone number. (Franchise Agreement – Section 5.5(e))

### Advertising

*Marketing Fund.* The purpose of the Marketing Fund is to develop programs that benefit the Pet Fresh Dog Wash brand and promote the Pet Fresh Dog Wash marks and any other marks we may license for use in the business. This means we may use monies in the Fund for any purpose that promotes the Pet Fresh Dog Wash name and logo, other marks we license to you and the overall brand, including the creation, production and placement of advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns and the cost to maintain and update our website, web pages, social media and social networking sites, profiles and accounts and for the costs of search engine optimization; in-house staff assistance and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities; and the cost to produce marketing materials, including mailers, that our franchisees may use.

Although media coverage is currently primarily local, we may place advertising in regional or national media of our choice, including print, direct mail, electronic and online advertising, radio or television. We may create advertising materials in-house or use national, regional or local agencies. We do not guarantee that advertising expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. It is our responsibility to determine how these monies are spent. We are not required to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Marketing Fund). We have no other obligation to conduct advertising.

You must contribute 2% of your Gross Sales per month to the Marketing Fund. (Franchise Agreement – Section 4.3). We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own, or our affiliates own, are not obligated to

contribute to the Marketing Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we had no franchisees in 2023, we did not collect any Marketing Fund contributions from franchisees and did not spend any money from the Marketing Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales but we may use monies in the Fund to update and administer the brand website, which may contain information on franchise opportunities.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. (Franchise Agreement – Section 9.6)

*Required local advertising spending.* After you open, you must spend at least 1% of Gross Sales each month on marketing your business. If you fail to spend this amount in any month you must pay us the difference and we will spend it in your market area. This local advertising requirement is separate from your obligation to make Marketing Fund contributions as discussed above. (Franchise Agreement Section – 9.5)

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. (Franchise Agreement – Section 9.1) If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

### Point of Sale and Computer Systems

You must use the FasCard Payment Processing System for your point-of-sale system in the Dog Washing units and (possibly) in the vending machines, if any. The FasCard system accepts credit/debit cards. This system will generate or store data such as inventory/product details, sales transactions, client, employee, scheduling, reporting, and accounting information. If your business will be providing grooming services we require you use a cloud based business management solution to set and manage appointments. Although we do not require you use any specific computer software in your business we do require that you use some type of accounting software to manage the finances of your businesses.

We estimate that this FasCard system will cost between \$1,000 and \$5,000 per unit to purchase. If your business will be providing grooming services we estimate that the cost to acquire the business management solution discussed above will be between \$650 and \$1,100, depending upon whether you purchase a receipt printer. You must also pay a monthly fee of \$35 if you have

one groomer and \$45 per month if you have 2 groomers. You will also pay a 2.2% processing fee on all credit card transactions and a 2.5% fee on the amount of each sale transaction made through the Tumble Fresh app.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates for these items. We are not aware of any third parties with an obligation to repair, update, upgrade or maintain these items.

You must enter into a subscription contract for the FasCard system described above.

We anticipate that you will be required to upgrade or update your technology during the term of the franchise, and there are no contractual limitations on the frequency and cost of the obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$600 to \$1,200.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date of this disclosure document, with the number of pages devoted to each subject. The Manual has 145 pages.

Training Program

Our training program consists of the following:

**TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Customer Service and Visual Standards	.50	.50	Our Location, Woodbury, MN or Your Location
Equipment – Preventative Maintenance & Repair	.50	1.0	Our Location, Woodbury, MN or Your Location
Store Security	1.0	.50	Our Location, Woodbury, MN or Your Location
Accounting Operations	1.0	0	Our Location, Woodbury, MN or Your Location

FasCard Payment System Training	.50	.25	Our Location, Woodbury, MN or Your Location
Cleaning Operations	.50	1.0	Our Location, Woodbury, MN or Your Location
Marketing	1.00	.25	Our Location, Woodbury, MN or Your Location
Total	5	3.5	

Training classes will be scheduled in accordance with the needs of new franchisees. Training classes will be held in advance of the opening of the franchisee’s location, doing so remotely, at a corporate location, and at the franchisee’s location once sufficient build-out has been completed and close to being open. The instruction materials consist primarily of our Brand Standards Manual

Amanda Knuutila is in charge of our training program. Ms. Knuutila is our Sales Support Manager and has been with Linn Retail Centers, Inc., since 2011 but became involved in the self-service pet wash industry in 2020. Our actual trainers may have various lengths of experience depending on the individual delegate, but they would typically have at least one year of experience with us and in the subjects they are teaching.

There is no fee for up to 2 people to attend training. You are responsible for the travel and living expenses of your employees or managers attending training.

You and your Principal Executive, if different from you, and your general manager, if any, must attend training. The Principal Executive is the executive primarily responsible for your business and must have decision-making authority on behalf of the business. You may send any additional persons to training that you want (up to the maximum described above). You and the Principal Executive, if applicable, and the general manager, if any, must complete training to our satisfaction at least 14 days before opening your business. (Franchise Agreement – 5.4(d)) If you fail to successfully complete this training we can terminate the franchise agreement with no refund of the Initial Franchise Fee whether paid under a Franchise Agreement or the MUDA. (Franchise Agreement - Section 5.4(d); MUDA - Section 1(b)).

Your business must at all times be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. (Franchise Agreement 7.5(a)). If you need to send a new general manager to our training program, we will charge a fee, which is currently \$300 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Search Area

If you do not have a site for your Pet Fresh Dog Wash business location when you sign the franchise agreement, we will list a general “search area” in the franchise agreement. You do not acquire any rights, exclusive or otherwise, in this area. It is only the area in which you will look for a site for your business. We may grant other people a franchise for this area as well. Once you identify a site for your business, and we approve that site, we will then update the franchise agreement to identify this location.

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will generally encompass an area surrounding your location that is the lesser of 2 miles or an area encompassing 15,000 in population.

### Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement (“MUDA”) in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Pet Fresh Dog Wash business, (3) you must be in compliance with all brand requirements at your open Pet Fresh Dog Wash business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we can terminate your right to develop additional outlets. If the MUDA is terminated we will retain any amounts you have paid to us.

## Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

## Territory

During the term of your franchise agreement, we will not establish either a company-owned or franchised outlet that is physically located in your territory selling the same or similar goods or services under the Pet Fresh Dog Wash name. Other than this limitation there are no prohibitions on us in your territory. For example, we can establish and operate and allow others to establish and operate similar or identical businesses within the territory if such businesses do not operate under the Pet Fresh Dog Wash name, and to establish and operate and allow others to establish and operate similar or identical business outside of your territory under any trademarks even if the businesses compete with your business in your territory. We can also establish and operate and allow others to establish and operate businesses inside the territory under any of our trademarks so long as the businesses are not competitive with your business. We can acquire businesses in the territory that are similar to your business or sell our business whether through a sale of assets or stock to anyone, regardless of whether they operate or franchise the operation of businesses similar to your business. In any event, the continuation of your territorial protection does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no circumstances that permit us to modify your territorial rights.

If you sign a MUDA, you will receive what we call a “development area” within which to locate your business sites. However, you will not receive any territorial protection whatsoever in this development area.

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

## Restrictions on Us from Soliciting or Accepting Orders

There are no restrictions on us from soliciting or accepting orders from customers inside your territory or development area. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory or development area using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory or development area.

## Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from customers outside of your territory, except that all marketing and advertising is subject to our approval.


### Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or have plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, neither the franchise agreement nor the MUDA prohibit us from doing so.

## **Item 13 TRADEMARKS**

### Principal Trademark

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate. Our affiliate has registered these trademarks on the Principal Register of the United States Patent and Trademark Office. The registration information is contained in the chart below.

<b>Trademark</b>	<b>Registration Date</b>	<b>Registration Number</b>
 (Design Mark)	January 17, 2023	6,953,380
Pet Fresh Dog Wash (Word Mark)	January 17, 2023	6,953,379

### Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

### Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

### Agreements

Linn Retail Centers, Inc., our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Linn Retail Centers, Inc. dated March 30, 2022, we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is 30 years in length with a renewal term of 30 years unless a party provides notice of nonrenewal. It may be modified only by mutual consent of the

parties. It may be canceled by our affiliate only if we or a franchisee materially misuse the trademarks or we breach the agreement and in either case fail to correct the misuse or breach. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected. Our affiliate also has the right to withdraw the trademarks based on infringement or if it loses the right to them.

### Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the franchise agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks. However, there are various parties in various industries using the terms Pet and Dog Wash alone or in combination with other terms as a part of their corporate name or to describe their business or business services.

## **Item 14**

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

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these



copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

### Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include site plan and space design, guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, site plans, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

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

### Your Participation

You are not required to participate personally in the direct operation of your business. However, we highly recommend that you participate.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and must have decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The

Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

You may not engage a third-party management company to manage or operate the business without our prior written approval.

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

#### Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-competes agreement. We do not require you to place any other restrictions on your manager.

### **Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only goods and services that we have approved.

You must offer for sale all goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes. You must follow our policies, procedures, methods, and techniques and comply with all of our mandatory standards and specifications when operating your business. Your business must be open to the general public for the minimum days of the week and minimum hours we may specify. You must participate in our customer satisfaction programs, including surveys and provide any guarantees we require.

We can implement pricing policies, such as minimum or maximum price policies, minimum advertised price policies and unilateral minimum price policies, and you must abide by these policies. You cannot operate other businesses from the site of your business.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

**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	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Section 1	10 years from date of franchise agreement.  2-5 years depending upon number of outlets you agree to open.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	You may obtain a successor franchise agreement for up to 2 additional 5-year terms.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. This contract may contain materially different terms and conditions than your original contract.  To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).  If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.

Provision	Section in Franchise or Other Agreement	Summary
d. Termination by franchisee	FA: § 14.1 MUDA: Section 4	If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you.  If you sign a MUDA, you may terminate it at any time.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: Section 4	We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.  If you sign a MUDA, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we can terminate your MUDA.
g. "Cause" defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. "Cause" defined--non-curable defaults	FA: § 14.2(c) MUDA: Section 4	FA: Misrepresentation when applying to be a franchisee; failure to obtain approval of the site for the business within 90 days of the date you sign the franchise agreement; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of franchise agreement which by its nature cannot be cured.  MUDA: failure to meet development schedule; violation of franchise agreement or other agreement which gives us the right to terminate it.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.5 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; comply with our purchase option.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: Section 7	No restriction on our right to assign.
k. “Transfer” by franchisee - defined	FA: § 15.2 MUDA: Section 7	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	FA: § 15.2 MUDA: Section 7	No transfers without our approval.
m. Conditions for franchisor’s approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you’ve made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	FA: § 14.5 MUDA: none	We have the right at expiration or termination of your franchise agreement to purchase any or all of the assets related to your business, and/or to require you to assign your lease or sublease to us or to enter into a lease with us on commercially reasonable terms, including a 10 year lease term, at current market rates, if the real estate is owned by you or an affiliate.

Provision	Section in Franchise or Other Agreement	Summary
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2(a) MUDA: none	<p>Neither you, any owner of the business, or any spouse of an owner, may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor or any business or other venture that is offering or selling franchises or licenses for the operation of a Competitor.</p> <p>Competitor means any business that offers primarily pet washing services, but will include a business providing pet grooming services if Franchisee is providing pet grooming services at or near the time of termination of the franchise agreement. .</p>
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2(b) MUDA: none	<p>For two years, neither you, any owner of the business, or any spouse of an owner, may have an ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, a Competitor located or doing business within your former territory, including at the location of your business, a 15 mile radius of your former territory or the territory of any other Pet Fresh Dog Wash business operating on the date of termination of the franchise agreement. During this period, no involvement in a business that is located at the location of your business or otherwise in the prohibited area that is offering or selling franchises or licenses for a Competitor, or that is located outside of the prohibited area that is offering or selling franchises or licenses for Competitors located in or to be located in the prohibited area above.</p> <p>If there is no territory identified in the franchise agreement, the prohibited area means the “search area”, a radius of 15 miles from the search area,</p>

Provision	Section in Franchise or Other Agreement	Summary
		and the territory of any other Pet Fresh Dog Wash business. The search area is the area we grant you to search for a Pet Fresh Dog Wash location
s. Modification of the agreement	FA: § 18.4 MUDA: Section 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: Section 7	Only the terms of the agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: Section 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: Section 7	Arbitration will take place where our headquarters is located (currently, Woodbury, Minnesota) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: Section 7	Minnesota (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document

### 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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that store. If you receive any other financial performance information or projections of your future income, you should report it to Pet Fresh Dog Wash’s management by contacting Kenneth Rohlf, Pet Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125, (651) 731-0515, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2021 to 2023<sup>1</sup>**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned <sup>2</sup>	2021	2	4	+2
	2022	4	4	0
	2023	4	4	0
Total Outlets	2021	2	4	+2
	2022	4	4	0
	2023	4	4	0

1. All numbers are as of December 31 of the applicable year.
2. These outlets are owned by our affiliate.



**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2021 to 2023<sup>1</sup>**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

1. All numbers are as of December 31 of the applicable year.

**Table 3**  
**Status of Franchised Outlets**  
**For Years 2021 to 2023<sup>1</sup>**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi- Nations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

1. All numbers are as of December 31 of the applicable year.

**Table 4**  
**Status of Company-Owned Outlets**  
**For Years 2021 to 2023<sup>1, 2</sup>**

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Minnesota	2021	2	2	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
Totals	2021	2	2	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4

1. All numbers are as of December 31 of the applicable year.
2. These outlets are owned by our affiliate.

**Table 5**  
**Projected Openings As Of December 31, 2023**

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Minnesota	0	2	2
North Dakota	0	1	0
Wisconsin	0	0	1
Totals	0	3	3

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business

under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

### Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

### Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

We have not been in business for three years, and therefore cannot include three years of financial statements in this Disclosure Document. Exhibit F contains our audited financial statements as of December 31, 2023 and December 31, 2022.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements
- K. Electronic Transfer of Funds Authorization

## **Item 23 RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

**EXHIBIT A**

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

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	Department of Financial Protection and Innovation 2101 Arena Boulevard Sacramento, CA 95834 1-866-275-2677 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation Same Address
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8299	Connecticut Banking Commissioner Same Address
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services PO Box 6700 Tallahassee, FL 32314-6700 850-245-6000	Same
<b>GEORGIA</b>	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
<b>HAWAII</b>	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2744	Same
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
<b>LOUISIANA</b>	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 651-539-1638	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>NEW HAMPSHIRE</b>	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
<b>NEW YORK</b>	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 212-416-8222	Secretary of State of New York One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712	Securities Commissioner Same Address
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4140	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 68-2 1511 Pontiac Avenue Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>SOUTH CAROLINA</b>	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	Department of Insurance Securities Regulations 124 S. Euclid, Suite 104 Pierre, SD 57501 605-773-3563	Director of South Dakota Division of Insurance Securities Regulation Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>UTAH</b>	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 801-530-6601	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360-902-8700
<b>WISCONSIN</b>	Wisconsin Dept. of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-2139	Administrator, Division of Securities Same Address

**EXHIBIT B**  
**FRANCHISE AGREEMENT**





## FRANCHISE AGREEMENT

### SUMMARY PAGE

1. **Franchisee** \_\_\_\_\_
2. **Initial Franchise Fee**    \$\_\_\_\_\_
3. **Search Area** \_\_\_\_\_
4. **Business Location** \_\_\_\_\_
5. **Territory** \_\_\_\_\_
6. **Principal Executive** \_\_\_\_\_
7. **Franchisee's Address** \_\_\_\_\_

## FRANCHISE AGREEMENT

This Agreement is made between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”), and Franchisee effective as of the date signed by Pet Fresh Franchising (the “Effective Date”).

### Background Statement:

A. Pet Fresh Franchising and its affiliate, have created and own a system (the “System”) for developing and operating a business providing self-serve pet washing bay(s) or self-serve pet washing bay(s) plus pet grooming services within an enclosed, safe retail environment under the trade name “Pet Fresh Dog Wash” (“Pet Fresh Dog Wash”).

B. The System includes (1) methods, procedures, and standards for developing and operating a Pet Fresh Dog Wash business, (2) site plans, design standards, plans, specifications, equipment, signage and trade dress for Pet Fresh Dog Wash businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Pet Fresh Franchising from time to time.

C. The parties desire that Pet Fresh Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Pet Fresh Dog Wash business on the terms and conditions of this Agreement.

### SECTION 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Pet Fresh Franchising.

“**Business**” means the Pet Fresh Dog Wash business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business or other venture which offers primarily pet washing services; provided, however, this definition will be deemed to include pet grooming services if Franchisee is providing pet grooming services at or near the time of termination, expiration or assignment of this Agreement.

“**Confidential Information**” means all non-public information of or about the System, Pet Fresh Franchising, and any Pet Fresh Dog Wash business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee,

whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

**“Input”** means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, technology system, real estate, or comparable items related to establishing or operating the Business.

**“Location”** means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

**“Losses”** includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Pet Fresh Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**“Manual”** means Pet Fresh Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

**“Marketing Fund”** means the fund established (or which may be established) by Pet Fresh Franchising into which Marketing Fund Contributions are deposited.

**“Marks”** means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Pet Fresh Franchising from time to time for use in a Pet Fresh Dog Wash business.

**“Owner”** means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

**“Remodel”** means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Pet Fresh Dog Wash business.

**“Required Vendor”** means a supplier, vendor, or distributor of Inputs which Pet Fresh Franchising requires franchisees to use.

**“System Standards”** means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Pet Fresh Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office

systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Franchisee shall not be granted a territory.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## SECTION 2. GRANT OF LICENSE

**2.1 Grant.** Pet Fresh Franchising grants to Franchisee the right to operate a Pet Fresh Dog Wash business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Pet Fresh Dog Wash business at the Location for the entire term of this Agreement.

**2.2 Territory.** Pet Fresh Franchising shall not establish, nor license the establishment of, another business physically located within the Territory selling the same or similar goods or services under the Pet Fresh Dog Wash name. Pet Fresh Franchising retains the right to:

- (i) establish and operate, and license others to establish and operate, Pet Fresh Dog Wash businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) establish and operate, and license others to establish and operate, businesses anywhere, whether inside or outside the Territory, that do not operate under the Pet Fresh Dog Wash name;
- (iii) establish and operate, and license others to establish and operate, businesses inside the Territory under any of the Marks so long as the businesses are not competitive with Franchisee’s Business;
- (iii) sell and license others to sell products and services in the Territory under and of the Marks through channels of distribution (including the internet) other than Pet Fresh Dog Wash outlets; and
- (v) acquire businesses in the Territory that are similar to the Business or sell Pet Fresh Franchising whether through a sale of assets or stock to anyone, regardless whether they operate or franchise the operation of businesses similar to the Business.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest

in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Pet Fresh Franchising within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Pet Fresh Franchising’s reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee’s obligations to Pet Fresh Franchising, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to Pet Fresh Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or “blocked” in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### SECTION 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Pet Fresh Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Pet Fresh Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Pet Fresh Franchising) renovations and changes to the Business as Pet Fresh Franchising requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Pet Fresh Franchising’s then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial

franchise fee and will not receive more renewal or successor terms than described in this Section;

- (v) Franchisee and each Owner executes a general release (on Pet Fresh Franchising's then-standard form) of any and all claims against Pet Fresh Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

## **SECTION 4. FEES**

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** Franchisee shall pay Pet Fresh Franchising a monthly royalty fee (the "Royalty Fee") equal to 6% of Gross Sales. The Royalty Fee for any given month is due on the first Tuesday of the following month.

**4.3 Marketing Fund Contribution.** Franchisee shall pay Pet Fresh Franchising a contribution to the Marketing Fund (the "Marketing Fund Contribution") equal to 2% of Franchisee's Gross Sales (or such lesser amount as Pet Fresh Franchising determines), at the same time as the Royalty Fee.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to Pet Fresh Franchising's training program after opening, Pet Fresh Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$300 per day.

**4.5 Non-Compliance Fee.** Pet Fresh Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Pet Fresh Franchising) which Franchisee fails to cure after 30 days' notice. Thereafter, Pet Fresh Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Pet Fresh Franchising's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Pet Fresh Franchising's other rights and remedies (including default and termination under Section 14.2).

**4.6 Reimbursement.** Pet Fresh Franchising may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Pet Fresh Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Pet Fresh Franchising within 15 days after invoice by Pet Fresh Franchising accompanied by reasonable documentation.

**4.7 App Processing Fee.** Franchisee shall pay Pet Fresh Franchising its then-current processing fee on sales transactions made through the Tumble Fresh app. Pet Fresh Franchising may increase this fee on 30 days' notice to you.

#### **4.8 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Pet Fresh Franchising via electronic-funds transfer or other means as required by Pet Fresh Franchising.. Franchisee shall comply with all procedures specified by Pet Fresh Franchising with respect to such transfers, and deliver and execute such documents as may be necessary to facilitate or accomplish payment by the method described in this Section.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Pet Fresh Franchising by Tuesday of the following month. If Franchisee fails to report monthly Gross Sales, then Pet Fresh Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Pet Fresh Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Pet Fresh Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 1.5% per month (or, if such rate exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Pet Fresh Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Pet Fresh Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Pet Fresh Franchising may apply any payment received from Franchisee to any obligation and in any order as Pet Fresh Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Pet Fresh Franchising any fees or amounts described in this Agreement are not dependent on Pet Fresh Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

### **SECTION 5. ASSISTANCE**

**5.1 Manual.** Pet Fresh Franchising shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** Pet Fresh Franchising shall provide its suggested staffing levels to Franchisee. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

**5.3 Assistance in Training Employees.** Pet Fresh Franchising shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. Pet Fresh Franchising shall provide its criteria for Pet Fresh Dog Wash locations to Franchisee. Pet Fresh Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Pet Fresh Franchising shall provide Franchisee with (i) Pet Fresh Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Pet Fresh Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Pet Fresh Franchising's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Pet Fresh Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Pet Fresh Franchising accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Pet Fresh Franchising shall make available its standard pre-opening training to the Principal Executive and up to one other team member, at Pet Fresh Franchising's headquarters and/or at a Pet Fresh Dog Wash business designated by Pet Fresh Franchising. Pet Fresh Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Pet Fresh Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program. Franchisee and its Principal Executive, if any, and its general manager, if any, must complete the initial training program to Pet Fresh Franchising's satisfaction, at least 14 days before opening of the Business. Pet Fresh Franchising may terminate this Agreement immediately upon notice to Franchisee if Franchisee or its Principal Executive fail to complete such training within such time frame.

(e) On-Site Opening Assistance. Pet Fresh Franchising shall have a representative support Franchisee's business opening with one to two days of onsite opening training and assistance.

**5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, Pet Fresh Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Pet Fresh Franchising deems reasonable. If Pet Fresh Franchising provides in-person support in response to Franchisee's request, Pet Fresh Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).



(b) Pricing. Upon request, Pet Fresh Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Pet Fresh Franchising will provide Franchisee with Pet Fresh Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Pet Fresh Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Pet Fresh Franchising shall manage the Marketing Fund.

(e) Internet. Pet Fresh Franchising shall maintain a website for Pet Fresh Dog Wash, which will include Franchisee's location (or territory) and telephone number.

## **SECTION 6. LOCATION, DEVELOPMENT, AND OPENING**

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Search Area described on the Summary Page. Franchisee shall submit its proposed Location to Pet Fresh Franchising for acceptance, with all related information Pet Fresh Franchising may request. If Pet Fresh Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Pet Fresh Franchising accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. If no Territory is stated on the Summary Page, then Franchisee shall be deemed to not have a territory.

**(iii) Pet Fresh Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Pet Fresh Franchising has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Pet Fresh Franchising, Franchisee must submit the proposed lease to Pet Fresh Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, unless otherwise approved by Pet Fresh Franchising, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Pet Fresh Franchising.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with Pet Fresh Franchising's System Standards. If required by Pet Fresh Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Pet Fresh Franchising's approval of Franchisee's plans. Pet Fresh Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Pet Fresh Franchising or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the

Business, and Pet Fresh Franchising assumes no liability with respect thereto. Pet Fresh Franchising's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

**6.4 Conditions to Opening.** Franchisee shall notify Pet Fresh Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Pet Fresh Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee and its Principal Executive, if any, and any general manager, have completed all of Pet Fresh Franchising's required pre-opening training; and (7) Pet Fresh Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.5 Opening Date.** Franchisee shall open the Business to the public within one hundred eighty (180) days after Franchisee executes a lease or sublease for the Location or otherwise acquires control of the Location. However, if the Business is the second or additional business to be opened under a Multi-Unit Development Agreement between Franchisee and Pet Fresh Franchising, Franchisee shall open the Business to the public within one (1) year of the last opening of a business under such Multi-Unit Development Agreement.

## SECTION 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Pet Fresh Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Pet Fresh Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that Pet Fresh Franchising may require.

**7.4 Prices.** Notwithstanding any provision of this Agreement or the Manual to the contrary, Franchisee retains the sole discretion to determine the prices it charges for products and services.

## **7.5 Personnel.**

(a) **Management.** The Business must at all times be under the on-site supervision of the Principal Executive or under the on-site supervision of a general manager who has completed Pet Fresh Franchising's training program.

(b) **Service.** Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) **Appearance.** Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) **Qualifications.** Pet Fresh Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) **Sole Responsibility.** Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Pet Fresh Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Pet Fresh Franchising. Within seven days of Pet Fresh Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Pet Fresh Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.6 Post-Opening Training.** Pet Fresh Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Pet Fresh Franchising. Pet Fresh Franchising may charge a reasonable fee for any training programs. Pet Fresh Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.7 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Pet Fresh Franchising. Franchisee shall enter into any subscription and support agreements that Pet Fresh Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as Pet Fresh Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Pet Fresh Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Pet Fresh Franchising.

**7.8 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. Pet Fresh Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Pet Fresh Franchising may require Franchisee to reimburse Pet Fresh Franchising for any expenses.

**7.9 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Pet Fresh Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Pet Fresh Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Pet Fresh Franchising for such programs. Pet Fresh Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

**7.10 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by Pet Fresh Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, "app" and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Pet Fresh Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.11 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Pet Fresh Franchising, in the manner specified by Pet Fresh Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Pet Fresh Dog Wash business. Franchisee shall comply with all procedures and specifications of Pet Fresh Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

**7.12 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Pet Fresh Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.13 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Pet Fresh Franchising may require Franchisee to undertake and complete a Remodel of the Location to Pet Fresh Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by Pet Fresh Franchising. Pet Fresh Franchising may require the Franchisee to submit plans for Pet Fresh Franchising's reasonable approval prior to commencing a required Remodel. Pet Fresh Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.14 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Pet Fresh Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

**7.15 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Pet Fresh Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverages:

GENERAL LIABILITY INSURANCE

General Liability coverage, including Personal and Advertising Injury, of \$1,000,000 per occurrence per location

\$2,000,000 General Aggregate, including Products/Completed Operations per location

Damage to Premises Rented to You and/or Fire Damage Legal Liability and Medical Payments must be included

Additional Insured, Grantor of Franchise, endorsement in the name of franchisor

A Waiver of Subrogation in favor of franchisor

AUTO LIABILITY INSURANCE

Hired and Non Owned Auto Liability coverage of \$1,000,000 CSL

Owned Auto Coverage included (as applicable) with a limit no less than \$1,000,000 CSL

UM/UIM coverage along with medical payments and/or PIP as applicable is required

Additional Insured endorsement in the name of franchisor

A Waiver of Subrogation in favor of franchisor

UMBRELLA LIABILITY INSURANCE

Minimum Umbrella Liability limit of \$1,000,000 per occurrence / \$1,000,000 aggregate for 1-4 locations

5-9 owned locations requires \$2,000,000 per occurrence / \$2,000,000 aggregate umbrella liability

10+ owned locations requires \$3,000,000 per occurrence / \$3,000,000 aggregate umbrella liability

Additional Insured, Grantor of Franchise in the name of franchisor

Waiver of Subrogation in favor of franchisor and its affiliate

Umbrella Liability must go over the General Liability and Auto Liability. Strongly suggested to go over Employers Liability.

## PROPERTY INSURANCE

Business Income and Extra Expense coverage of at least twelve (12) months' income replacement  
Business Personal Property, and Tenant Improvements and Betterments at full replacement cost  
Special Causes of Loss form required

Business interruption insurance covering at least 12 months of income

## WORKERS COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE

Workers Compensation per state statutes

Employers Liability of at least \$500,000 each accident, \$500,000 each employee, \$500,000 policy limit

A Waiver of Subrogation in favor of franchisor

## FRANCHISOR NAME AND ADDRESS

Pet Fresh Franchising, LLC  
7616 Currell Boulevard  
Suite 100  
Woodbury, MN 55125-2295

(b) **All franchisee insurance policies must name "Pet Fresh Franchising, LLC" as *additional insured*.**

(c) Franchisee's policies (other than Workers Compensation) must (1) be primary and non-contributing with any insurance carried by Pet Fresh Franchising or its affiliates, and (2) stipulate that Pet Fresh Franchising shall receive 30 days' prior written notice of cancellation.

(d) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Pet Fresh Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Pet Fresh Franchising.

**7.16 Payments to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.17 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Pet Fresh Dog Wash, the Business, or any particular incident or occurrence related to the Business, without Pet Fresh Franchising's prior written approval, which will not be unreasonably withheld.

**7.18 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act

in support of any such organization, without Pet Fresh Franchising's prior written approval, which will not be unreasonably withheld.

**7.19 No Other Activity Associated with the Business.** Except for a Tumble Fresh Coin Laundry franchise business with Tumble Fresh Franchising, LLC, Franchisee shall not engage in any business or other activity at the Location other than operation of the Pet Fresh Dog Wash Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Pet Fresh Dog Wash businesses except for a Tumble Fresh Coin Laundry franchise business with Tumble Fresh Franchising, LLC.

**7.20 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Pet Fresh Franchising, which will not be unreasonably withheld.

**7.21 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Pet Fresh Franchising. Franchisee must display at the Business signage prescribed by Pet Fresh Franchising identifying the Location as an independently owned franchise.

**7.22 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Pet Fresh Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## SECTION 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by Pet Fresh Franchising from time to time in accordance with System Standards. Pet Fresh Franchising may require Franchisee to purchase or lease any Inputs from Pet Fresh Franchising, Pet Fresh Franchising's designee, Required Vendors, Approved Vendors, and/or under Pet Fresh Franchising's specifications. Pet Fresh Franchising may change any such requirement or change the status of any vendor.

**8.2 Alternate Vendor Approval.** If Pet Fresh Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Pet Fresh Franchising. Pet Fresh Franchising may condition its approval on such criteria as Pet Fresh Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Pet Fresh Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 8 weeks after receipt of Franchisee's request. Further, Pet Fresh Franchising may have single or sole Approved Vendors or Required Vendors, which may be Pet Fresh Franchising, an affiliate or a third party. In this case, Pet Fresh Franchising shall have no obligation to approve other vendors.

**8.3 Alternate Input Approval.** If Pet Fresh Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested

by Pet Fresh Franchising. Pet Fresh Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 8 weeks after receipt of Franchisee's request.

**8.4 Purchasing.** Pet Fresh Franchising may negotiate prices and terms with vendors on behalf of the System. Pet Fresh Franchising may implement pricing policies, such as minimum or maximum price policies, minimum advertised price policies and unilateral minimum price policies, and you must abide by these policies. Pet Fresh Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Pet Fresh Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Pet Fresh Franchising may implement a centralized purchasing system. Pet Fresh Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Pet Fresh Franchising may determine.

**8.5 No Liability of Franchisor.** Pet Fresh Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If Pet Fresh Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Pet Fresh Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

## SECTION 9. MARKETING

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Pet Fresh Franchising. Franchisee shall submit to Pet Fresh Franchising for its review all such materials at least 14 days prior to use. If Pet Fresh Franchising does not respond within such 14 day period, the material shall be deemed rejected. Pet Fresh Franchising may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that Pet Fresh Franchising may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Pet Fresh Franchising.

**9.2 Use by Pet Fresh Franchising.** Pet Fresh Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Pet Fresh Franchising for such purpose.



**9.3 Marketing Fund.** Disbursements from the Marketing Fund shall be made for the payment of expenses incurred by Pet Fresh Franchising in connection with the general promotion of the Marks, including: (1) development and production of advertising, marketing, and promotional materials; (2) the cost of formulating, developing, and implementing advertising and marketing campaigns, including Internet advertising and Internet search engine campaigns, direct email marketing, and the cost to maintain and update Pet Fresh Franchising's websites, web pages, social media and social networking sites, profiles and accounts, and search engine optimization, and the costs to create and maintain any applications, whether web-based or otherwise; (3) the cost of formulating, developing, and implementing promotional and public relations programs, including advertising in trade publications; (4) market research; and (5) the reasonable cost of administering the Marketing Fund, including professional fees, the cost of salaries and fringe benefits paid to Pet Fresh Franchising's employees engaged in administration of the Marketing Fund and creative services, and overhead allocated to advertising activities. Methods, media employed, contents of advertising, and terms and conditions of advertising campaigns and promotional programs shall be within the sole discretion of Pet Fresh Franchising. Pet Fresh Franchising reserves the right to engage the professional services of an advertising agency owned by, or affiliated with, it or any of its principals, to assist in developing and/or placing advertising, and to compensate that agency.

(a) Separate Account. Pet Fresh Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Pet Fresh Franchising's other accounts.

(b) Use. Pet Fresh Franchising shall use the Marketing Fund for the purposes described above. The foregoing includes such activities and expenses as Pet Fresh Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Pet Fresh Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Pet Fresh Franchising's sole discretion, and Pet Fresh Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Pet Fresh Franchising is not obligated to (i) have all other Pet Fresh Dog Wash businesses (whether owned by other franchisees or by Pet Fresh Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other Pet Fresh Dog Wash businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Pet Fresh Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit

or requires additional funds at any time, Pet Fresh Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Pet Fresh Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Pet Fresh Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

#### **9.4 Intentionally Omitted.**

**9.5 Required Spending.** Franchisee shall spend at least 1% of Gross Sales each month on marketing the Business. This obligation is separate from Franchisee's obligation to make Marketing Fund contributions. Upon request of Pet Fresh Franchising, Franchisee shall furnish proof of its compliance with this Section. Pet Fresh Franchising has the sole discretion to determine what activities constitute "marketing" under this Section and must approve all such marketing. Pet Fresh Franchising may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section. If Franchisee fails to spend the required amount in any given month Franchisee shall pay to Pet Fresh Franchising the unspent amount and Pet Fresh Franchising shall spend it in Franchisee's market area at such time as Pet Fresh Franchising reasonably determines.

**9.6 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Pet Fresh Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

### **SECTION 10. RECORDS AND REPORTS**

**10.1 Systems.** Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Pet Fresh Franchising may specify in the Manual or otherwise in writing.

#### **10.2 Reports.**

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Pet Fresh Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Pet Fresh Franchising's fiscal year; and
- (iii) any information Pet Fresh Franchising requests in order to prepare a financial performance representation for Pet Fresh Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Pet Fresh Franchising of any Action or threatened Action by any customer, governmental authority, or other

third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Pet Fresh Franchising may request.

(c) **Government Inspections.** Franchisee shall give Pet Fresh Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) **Other Information.** Franchisee shall submit to Pet Fresh Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Pet Fresh Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to Pet Fresh Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Pet Fresh Franchising's Franchise Disclosure Document and with such other information as Pet Fresh Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Pet Fresh Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** Pet Fresh Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Pet Fresh Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Pet Fresh Franchising. Franchisee shall also reimburse Pet Fresh Franchising for all costs and expenses of the examination or audit if (i) Pet Fresh Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any period.

## SECTION 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by Pet Fresh Franchising. Pet Fresh Franchising may supplement, revise, or modify the Manual, and Pet Fresh Franchising may change, add or delete System Standards at any time in its discretion. Pet Fresh Franchising may inform Franchisee thereof by any method that Pet Fresh Franchising deems appropriate (which need not qualify as "notice" under [Section 18.9](#)). In the event of any dispute as to the contents of the Manual, Pet Fresh Franchising's master copy will control.

**11.2 Inspections.** Pet Fresh Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Pet

Fresh Franchising's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Pet Fresh Franchising may videotape and/or take photographs of the inspection and the Business. Pet Fresh Franchising may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Pet Fresh Franchising's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Pet Fresh Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Pet Fresh Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 Pet Fresh Franchising's Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, Pet Fresh Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Pet Fresh Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, Pet Fresh Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Pet Fresh Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Pet Fresh Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Pet Fresh Franchising are in addition to any other right or remedy available to Pet Fresh Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Pet Fresh Franchising. Pet Fresh Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to Pet Fresh Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Pet Fresh Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Pet Fresh Franchising to document Pet Fresh Franchising's ownership of Innovations.

**11.7 Communication Systems.** If Pet Fresh Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Pet Fresh Franchising to access such communications.

**11.8 Delegation.** Pet Fresh Franchising may delegate any duty or obligation of Pet Fresh Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** Pet Fresh Franchising may vary or waive any System Standard for any one or more Pet Fresh Dog Wash franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If Pet Fresh Franchising discovers or becomes aware of any aspect of the Business which, in Pet Fresh Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Pet Fresh Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Pet Fresh Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## SECTION 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Pet Fresh Franchising, and only in the manner as Pet Fresh Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Pet Fresh Franchising.

**12.2 Change of Marks.** Pet Fresh Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Pet Fresh Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

### **12.3 Infringement.**

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Pet Fresh Franchising shall defend Franchisee (at Pet Fresh Franchising's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Pet Fresh Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Pet Fresh Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Pet Fresh Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Pet Fresh Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the words "Pet Fresh Dog Wash" or any confusingly similar words in its legal name.

## SECTION 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Pet Fresh Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Pet Fresh Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Pet Fresh Franchising (except for Confidential Information which Pet Fresh Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor or any business or other venture that is offering or selling franchises or licenses for the operation of a Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by: (a) any Competitor located or doing business in the Territory, including at the Location, within a fifteen mile radius of Franchisee’s Territory or the territory of any other Pet Fresh Dog Wash business operating on the date of expiration, termination or Transfer, as applicable (the “Restricted Area”); or (b) any business or other venture located in the Restricted Area that is offering or selling franchises or licenses for a Competitor, or that is located outside the Restricted Area but is offering or selling franchises or licenses for a Competitor located in or to be located in the Restricted Area. If this Agreement is terminated before the Territory is determined, then the Restricted Area will be the Search Area, a radius of 15 miles from the Search Area, and the territory of any other Pet Fresh Dog Wash business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Pet Fresh Franchising. Franchisee agrees that the existence of any claim it may have against Pet Fresh Franchising shall not constitute a defense to the enforcement by Pet Fresh Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by Pet Fresh Franchising, Franchisee will cause its general manager and other key employees to sign Pet Fresh Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

## **SECTION 14. DEFAULT AND TERMINATION**

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if Pet Fresh Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Pet Fresh Franchising receives written notice of termination if Franchisor fails to respond to notice of termination and take corrective action.

### **14.2 Termination by Pet Fresh Franchising.**

(a) Subject to 10-Day Cure Period. Pet Fresh Franchising may terminate this Agreement if Franchisee does not make any payment to Pet Fresh Franchising when due, or if Franchisee does not have sufficient funds in its account when Pet Fresh Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Pet Fresh Franchising gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Pet Fresh Franchising's satisfaction within 30 days after Pet Fresh Franchising gives notice to Franchisee of such breach, then Pet Fresh Franchising may terminate this Agreement.

(c) Without Cure Period. Pet Fresh Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Pet Fresh Franchising;
- (iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Unless an extension is granted by Pet Fresh Franchising, Franchisee fails to open for business within the time specified in Section 6.5 or no Location has been approved by Pet Fresh Franchising within 90 days of the date of this Agreement;

- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with law) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Section 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels Pet Fresh Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Pet Fresh Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) the Business is operated in a manner which, in Pet Fresh Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Pet Fresh Franchising or otherwise);
- (xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xii) Pet Fresh Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Pet Fresh Franchising the right to terminate this Agreement);
- (xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or
- (xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Pet Fresh Franchising's opinion is reasonably likely to materially and unfavorably affect the Pet Fresh Dog Wash brand.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Pet Fresh Franchising based on the operation of the Business through the effective date of termination or expiration;



- (ii) return to Pet Fresh Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Pet Fresh Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Pet Fresh Franchising or any new franchisee as may be directed by Pet Fresh Franchising, and Franchisee hereby irrevocably appoints Pet Fresh Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense “de-identify” the Location so that it no longer contains the Marks, signage, or any trade dress of a Pet Fresh Dog Wash business, to the reasonable satisfaction of Pet Fresh Franchising. Franchisee shall comply with any reasonable instructions and procedures of Pet Fresh Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Pet Fresh Franchising may enter the Location to remove the Marks and de-identify the Location and shall charge any and all costs to de-identify the Location back to the Franchisee, which amount shall be paid immediately by Franchisee to Pet Fresh Franchising. In this event, Pet Fresh Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Pet Fresh Franchising.

**14.5 Purchase Option.** When this Agreement expires or is terminated, Pet Fresh Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Pet Fresh Franchising or require Franchisee to promptly enter into a lease with Pet Fresh Franchising or its designee on commercially reasonable terms, including a 10 year lease term, at then-current market rates, if the real estate is owned by Franchisee or an affiliate. To exercise this option, Pet Fresh Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Pet Fresh Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Pet Fresh Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or “going concern” value for the Business. Pet Fresh Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Pet

Fresh Franchising. If Pet Fresh Franchising exercises the purchase option, Pet Fresh Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Pet Fresh Franchising to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Pet Fresh Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Pet Fresh Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Pet Fresh Franchising may assign this purchase option to another party.

## SECTION 15. TRANSFERS

**15.1 By Pet Fresh Franchising.** Pet Fresh Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Pet Fresh Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Pet Fresh Franchising entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Pet Fresh Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Pet Fresh Franchising's consent. In granting any such consent, Pet Fresh Franchising may impose conditions, including, without limitation, the following:

- (i) Pet Fresh Franchising receives a transfer fee equal to \$10,000 plus any broker fees and other out-of-pocket costs incurred by Pet Fresh Franchising;
- (ii) the proposed assignee and its owners have completed Pet Fresh Franchising's franchise application processes, meet Pet Fresh Franchising's then-applicable standards for new franchisees, and have been approved by Pet Fresh Franchising as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes Pet Fresh Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Pet Fresh Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Pet Fresh Franchising or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as Pet Fresh Franchising may require;

- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Pet Fresh Franchising in a form satisfactory to Pet Fresh Franchising; and
- (ix) the Business fully complies with all of Pet Fresh Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Pet Fresh Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Pet Fresh Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Pet Fresh Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 Pet Fresh Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Pet Fresh Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Pet Fresh Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Pet Fresh Franchising's receipt of such copy, Pet Fresh Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Pet Fresh Franchising may substitute cash for any other form of payment). If Pet Fresh Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Section.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## **SECTION 16. INDEMNITY**

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to Pet Fresh Franchising) Pet Fresh Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Pet Fresh Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an

Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## SECTION 17. DISPUTE RESOLUTION

### 17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

(b) Location. The place of arbitration shall be the city and state where Pet Fresh Franchising's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any court having jurisdiction any interim or provisional injunctive relief.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Pet Fresh Franchising's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Pet Fresh Franchising to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Pet Fresh Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.3 Waiver of Class Actions.** The parties agree that any claims will be arbitrated, litigated, or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis.

**17.4 Time Limitation.** Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Section 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue Other Than Arbitration.** For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Pet Fresh Franchising's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Pet Fresh Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## SECTION 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Pet Fresh Franchising is not a fiduciary of Franchisee. Pet Fresh Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Pet Fresh Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Pet Fresh Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Pet Fresh Franchising, and Pet Fresh Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Pet Fresh Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Pet Fresh Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Minnesota (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section.

**18.9 Notices.** Except as described below, any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Pet Fresh Franchising, addressed to 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Pet Fresh Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Pet Fresh Franchising may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Pet Fresh Franchising specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(v).

**18.11 Joint and Several Liability.** If two or more parties sign this Agreement as "Franchisee", each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Pet Fresh Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Pet Fresh Franchising.

## **SECTION 19. CERTIFICATION OF FRANCHISOR'S COMPLIANCE**

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in Pet Fresh Franchising's Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee's skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee's control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.
- (3) That no person acting on Pet Fresh Franchising's behalf made any statement or promise regarding the costs involved in operating a Pet Fresh Dog Wash franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on Pet Fresh Franchising's behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on Pet Fresh Franchising's behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Pet Fresh Dog Wash franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on Pet Fresh Franchising's behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.
- (7) Franchisee understands that this Agreement contains the entire agreement between Pet Fresh Franchising and Franchisee concerning the Pet Fresh Dog Wash franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

PET FRESH FRANCHISING, LLC

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

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

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

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

FRANCHISEE:

*[if an individual:]*

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

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

*[if an entity:]*

\_\_\_\_\_

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

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

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

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



**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

**1. Form of Ownership.** Franchisee is a (check one):

- \_\_\_\_\_ *Sole Proprietorship*
- \_\_\_\_\_ *Partnership*
- \_\_\_\_\_ *Limited Liability Company*
- \_\_\_\_\_ *Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

**3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Pet Fresh Franchising, LLC for your Pet Fresh Dog Wash franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

PET FRESH FRANCHISING, LLC

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

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

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

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

## Attachment 3 to Franchise Agreement

### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with Pet Fresh Franchising for the franchise of a Pet Fresh Dog Wash business (the “Franchise Agreement”). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Pet Fresh Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to Pet Fresh Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Pet Fresh Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Pet Fresh Franchising upon demand from Pet Fresh Franchising. Guarantor waives (a) acceptance and notice of acceptance by Pet Fresh Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Pet Fresh Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Pet Fresh Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Pet Fresh Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Pet Fresh Franchising or its affiliates (except for Confidential Information which Pet Fresh

Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Pet Fresh Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) **Restriction – In Term.** During the term of the Franchise Agreement, neither Guarantor nor any spouse of Guarantor (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor or any business or other venture that is offering or selling franchises or licenses for the operation of a Competitor.

(b) **Restriction – Post Term.** For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by: (a) any Competitor located or doing business in the Territory, including at the Location, within a fifteen mile radius of Franchisee’s Territory or the territory of any other Pet Fresh Dog Wash business operating on the date of expiration, termination or Transfer, as applicable (the “Restricted Area”); or (b) any business or other venture located in the Restricted Area that is offering or selling franchises or licenses for a Competitor, or that is located outside the Restricted Area but is offering or selling franchises or licenses for a Competitor located in or to be located in the Restricted Area. If the Franchise Agreement is terminated before the Territory is determined, then the Restricted Area will be the Search Area, a radius of 15 miles from the Search Area, and the territory of any other Pet Fresh Dog Wash business operating on the date of termination.

(c) **Interpretation.** Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Pet Fresh Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Pet Fresh Franchising shall not constitute a defense to the enforcement by Pet Fresh Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance. Any terms set forth herein that are not defined herein shall have the same meaning as those set forth in the Franchise Agreement.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Pet Fresh Franchising may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Minnesota (without giving effect to its principles of

conflicts of law). The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Section 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Pet Fresh Franchising all costs incurred by Pet Fresh Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT C

### MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this “MUDA”) is made between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, Pet Fresh Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Pet Fresh Dog Wash business (the “Franchise Agreement”); capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Pet Fresh Franchising and Franchisee desire that Franchisee develop multiple Pet Fresh Dog Wash businesses.

#### 1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open Pet Fresh Dog Wash businesses on the following schedule:

<b>Facility #</b>	<b>Deadline for Opening Self-Serve Pet Wash Facility Only</b>	<b>Total # of Facilities to be Open and Operating on Deadline</b>	<b>Initial Franchise Fee</b>
1		1	
2		2	
3		3	
4		4	
5		5	
<b>Total Initial Franchise Fee:</b>			

Facility #	Deadline for Opening Self-Serve Pet Wash Plus Pet Grooming Services Facility	Total # of Facilities to be Open and Operating on Deadline	Initial Franchise Fee
1		1	
2		2	
3		3	
4		4	
5		5	
Total Initial Franchise Fee:			

(b) **Payment.** Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Pet Fresh Franchising. The Initial Franchise Fee is non-refundable.

**2. Form of Agreement.** For Facility #1, Franchisee and Pet Fresh Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Pet Fresh Dog Wash franchise, Franchisee shall execute Pet Fresh Franchising’s then-current standard form of franchise agreement at the time Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Pet Fresh Dog Wash business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Pet Fresh Dog Wash business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Pet Fresh Dog Wash business.

**3. Development Area.** Franchisee shall locate each Pet Fresh Dog Wash business it develops under this MUDA within the following area: \_\_\_\_\_ (the “Development Area”). Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Pet Fresh Dog Wash businesses in the Development Area.

**4. Default and Termination.** Pet Fresh Franchising may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Pet Fresh Franchising has the right to terminate any franchise agreement between Pet Fresh Franchising and Franchisee (or any affiliate thereof) due to Franchisee’s default thereunder (whether or not Pet Fresh Franchising actually terminates such franchise agreement).

**5. Limitation of Liability.** Franchisee’s commitment to develop Pet Fresh Dog Wash businesses is in the nature of an option only. If Pet Fresh Franchising terminates this MUDA for

Franchisee's default, Franchisee shall not be liable to Pet Fresh Franchising for lost future revenues or profits from the unopened Pet Fresh Dog Wash businesses. Franchisee may terminate this MUDA at any time.

**6. Conditions.** Franchisee's right to develop each Pet Fresh Dog Wash franchise after Facility #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Pet Fresh Dog Wash business, in the reasonable judgment of Pet Fresh Franchising, and
- (ii) Franchisee must be in full compliance with all requirements of Pet Fresh Franchising at the time it opens each Pet Fresh Dog Wash business, and not in default under any Franchise Agreement or any other agreement with Pet Fresh Franchising.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of Minnesota (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Minnesota law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Pet Fresh Franchising, and any Transfer without Pet Fresh Franchising's prior written consent shall be void. The provisions of Section 17 (Dispute Resolution) and Section 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

*[Signatures on Next Page]*



Agreed to by:

FRANCHISOR:

PET FRESH FRANCHISING, LLC

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

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

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

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

FRANCHISEE:

*[if an individual:]*

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

*[if an entity:]*

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

**EXHIBIT D**

**RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

Franchisor: Pet Fresh Franchising, LLC  
Notice Address: 7616 Currell Boulevard,  
Suite 100, Woodbury, MN 55125-2295  
Telephone: (651) 731-0515

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Pet Fresh Dog Wash business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Pet Fresh Dog Wash brand. Any provision of the Lease which limits Tenant’s right to own or operate other Pet Fresh Dog Wash outlets in proximity to the Leased Premises shall not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

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

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

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

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

TENANT:

\_\_\_\_\_

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

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

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

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

FRANCHISOR:

PET FRESH FRANCHISING, LLC

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

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

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

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

## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Pet Fresh Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Pet Fresh Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

*[Signatures on Next Page]*

Agreed to by:

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

**EXHIBIT F**  
**FINANCIAL STATEMENTS**

**PET FRESH FRANCHISING, LLC**

FINANCIAL STATEMENTS

December 31, 2023 and 2022

**PET FRESH FRANCHISING, LLC**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors  
Pet Fresh Franchising, LLC  
Woodbury, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Pet Fresh Franchising, LLC which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, member's equity, and cash flows for the year ended December 31, 2023 and for the period from inception (April 7, 2022) to December 31, 2022, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pet Fresh 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 Pet Fresh Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pet Fresh 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 Pet Fresh 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.

*Redpath and Company, LLC*

REDPATH AND COMPANY, LLC  
St. Paul, Minnesota

March 28, 2024

## **FINANCIAL STATEMENTS**

**PET FRESH FRANCHISING, LLC**  
BALANCE SHEETS  
December 31, 2023 and 2022

**Statement 1**

---

Assets	2023	2022
Current assets:		
Cash	\$18,816	\$17,241
Prepaid insurance	-	6,595
Total current assets	<u>\$18,816</u>	<u>\$23,836</u>
 Liabilities and Member's Equity		
Member's equity	<u>\$18,816</u>	<u>23,836</u>
 Total liabilities and member's deficit	<u>\$18,816</u>	<u>\$23,836</u>

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

**PET FRESH FRANCHISING, LLC**

STATEMENTS OF INCOME

For The Year Ended December 31, 2023 and

For The Period from Inception (April 7, 2022) to December 31, 2022

**Statement 2**

---

	<u>2023</u>	<u>2022</u>
Revenues	\$ -	\$ -
Operating expenses	<u>35,020</u>	<u>51,163</u>
Net loss	<u><u>(\$35,020)</u></u>	<u><u>(\$51,163)</u></u>

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

**PET FRESH FRANCHISING, LLC**  
STATEMENTS OF MEMBER'S EQUITY  
For The Year Ended December 31, 2023 and  
For The Period from Inception (April 7, 2022) to December 31, 2022

**Statement 3**

---

	<u>Member's Equity</u>
Balance - January 1, 2022	\$ -
Contributions	74,999
Net loss	<u>(51,163)</u>
Balance - December 31, 2022	23,836
Contributions	30,000
Net loss	<u>(35,020)</u>
Balance - December 31, 2023	<u><u>\$18,816</u></u>

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

**PET FRESH FRANCHISING, LLC**

## STATEMENTS OF CASH FLOW

Statement 4

For The Year Ended December 31, 2023 and

For The Period from Inception (April 7, 2022) to December 31, 2022

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	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	(\$35,020)	(\$51,163)
Changes in operating assets and liabilities:		
Prepaid insurance	6,595	(6,595)
Net cash used in operating activities	<u>(28,425)</u>	<u>(57,758)</u>
Cash flows from financing activities:		
Contributions	<u>30,000</u>	<u>74,999</u>
Net increase in cash	1,575	17,241
Cash - beginning of year	<u>17,241</u>	<u>-</u>
Cash - end of year	<u><u>\$18,816</u></u>	<u><u>\$17,241</u></u>

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

**PET FRESH FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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**Note 1 ORGANIZATION AND NATURE OF ACTIVITIES**

Pet Fresh Franchising, LLC (the "Company") was incorporated under the laws of the State of Minnesota for the purpose of offering franchise opportunities to entrepreneurs who want to own their own "Pet Fresh" location, as a franchise, providing self-serve pet washing bay(s) or self-serve pet washing bay(s) and pet grooming services within an enclosed, safe retail environment. Except as otherwise specifically noted, the members' liability is limited to their investment in the Company.

**Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

**USE OF ESTIMATES**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

**CASH**

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

**FRANCHISE AGREEMENTS**

The Company is obligated under its franchise agreements to provide training, an operations manual, and other initial and continuing services to its franchisees. Franchisees pay an initial franchise fee as well as continuing royalty fees based on cash receipts. Marketing fees are charged to franchisees. Additional fees are assessed upon renewal or transferring franchise interests.

At December 31, 2023, there were 5 pet washes in operation of which 5 of the locations are owned by Linn Retail Centers, Inc. At December 31, 2022, there were 5 pet washes in operation, of which 5 of the locations were owned by Linn Retail Centers, Inc. There were 0, new franchise agreements awarded during fiscal years 2023 and 2022. There were 0 signed franchise agreements as of December 31, 2023 and 2022.

**REVENUE RECOGNITION**

Under ASC Topic 606, the Company applies a principles-based five step model to recognize revenue upon the transfer of control of promised goods and services to customers in an amount that reflects the consideration that the Company expects to be entitled to in exchange for those goods. The principles-based five step model includes: (1) identifying the contract(s) with a customer; (2) identifying the performance obligations in the contract; (3) determining the transaction price; (4) allocating the transaction price to the performance obligations in the contract; and (5) recognizing revenue when (or as) a performance obligation is satisfied.



**PET FRESH FRANCHISING, LLC**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

---

*Royalty fees*

Royalty fees are based on a percentage of the franchisees' cash sales. The royalty fees are approximately 6% of the franchisees' cash sales for such period and the payment is remitted to the Company monthly. Franchise agreement royalties represent sales-based royalties that are related entirely to the Company's performance obligations under the applicable franchise agreement and are recognized in the period the franchisees' cash sales occur.

*Marketing fund fees*

Marketing fund ("MF") fees are based on a percentage of the franchisees' cash sales. The MF fees are 2% of the franchisees' cash sales for such period and the payment is remitted to the Company monthly and recognized in the period the franchisees' cash sales occur.

*Franchise initiation fees*

Franchise initiation fees consist of franchise fees due at the inception of the contract. The Company, as a private company franchiser, considers pre-opening services, including site evaluation and selection, store architectural/design and development, and operational training, to be performance obligations that are separate to operate under the Pet Fresh brand. These services provide distinct value to our franchisees, including business and industry insight and knowledge. Franchise initiation fees are recognized when a camp location opens which is the point in time when those performance obligations under the franchise agreement are deemed satisfied.

Initial franchise fees received from franchisees that have yet to open and unamortized portion of franchise fees related to resales and renewals are recorded in deferred revenue on the balance sheets. Franchise fees related to resales and renewals are recognized ratably over the term of the underlying franchise agreement, which is generally 10 years.

**ADVERTISING EXPENSE**

Advertising costs are expensed as incurred. Advertising costs totaled \$5,098 for the year ended December 31, 2023 and \$10,739 for the period from inception (April 7, 2022) to December 31, 2022.

**INCOME TAXES**

The Company, with the consent of its members, has elected under the Internal Revenue Code to be taxed as a partnership. In lieu of corporate income taxes, the members of a partnership are taxed on their proportionate share of the Company's taxable income. The Company has evaluated its tax positions and related income tax under FASB's authoritative guidance regarding Accounting for Income Taxes and management has concluded that it has taken no uncertain tax positions that would require adjustment to these financial statements.

Therefore, these financial statements do not include any provision for corporate income taxes, except for state minimum fees.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future penalties or interest, the Company has elected to record interest and penalties as income tax expense on the Company's statements of income.

#### COMMITMENTS AND CONTINGENCIES

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations.

#### SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 28, 2024, the date on which the financial statements were available to be issued.

#### **Note 3**    **CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Company to credit risk consist of cash. The Company places its cash with a high-quality financial institution and do not exceed the amount of insurance provided on such deposits.

#### **Note 4**    **RELATED PARTY TRANSACTIONS**

Certain administrative expenses of the Company are paid by Linn Retail Centers, Inc., a related party through common ownership. Expenses paid by on behalf of the Company are expensed in the period incurred and included as amounts due to related party on the balance sheet. The Company did not have an outstanding balance with Linn Retail Centers, Inc. as of December 31, 2023 and 2022.

**EXHIBIT G**

**BRAND STANDARDS MANUAL TABLE OF CONTENTS**



<b>Manual Section</b>	<b>Pages</b>
Preface, Introduction & Pre-Opening Procedures	1-36
Establishing My Franchise Business	37 - 59
Personnel	60- 105
Financial & Administrative Procedures	106-115
Marketing	116-136
Daily Operations	137-145
<b>Total Number of Pages</b>	<b>145</b>

## **EXHIBIT H**

### **CURRENT AND FORMER FRANCHISEES**

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

None

Note: We did not have any multi-unit developers at the close of our last fiscal year.

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

None

**EXHIBIT I**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT risk IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

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

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

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

The Franchise Agreement requires binding arbitration. The arbitration will occur in Woodbury, Minnesota, with the costs being borne equally by Franchisor and Franchisee. 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 a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Minnesota. This provision may not be enforceable under California law.

**HAWAII ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Hawaii only, this Disclosure Document is amended as follows:

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

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

**THIS 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 THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states:  
\_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.



## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

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

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

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

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

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

- Item 5 is amended to provide that all initial franchise fees will be deferred until all initial obligations owed to franchisee under the Franchise Agreement or other documents have been fulfilled by Franchisor and the Franchisee has commenced doing business pursuant to the Franchise Agreement.
- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- To the extent required by the Minnesota Franchise Act, the franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

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

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

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

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending

action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. 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.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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.

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

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Pet Fresh Franchising, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Fresh franchises offered and sold in the state of North Dakota:

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

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.



11. Fee Deferral: All initial franchise fees are deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

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

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **SOUTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT**

Notwithstanding anything to the contrary set forth in the Pet Fresh Franchising, LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Pet Fresh franchises offered and sold in the state of South Dakota:

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

Based on the financial condition of the franchisor, the franchisor has deferred the payment of the Initial Franchise Fee until the franchisee's business is operational.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

Under 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 do 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.

Under 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 involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT J**

**STATE ADDENDA TO AGREEMENTS**

**ILLINOIS RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
- 2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by arbitration.
- 3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

## INDIANA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new



models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**MARYLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT  
DEVELOPMENT AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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 Law.
- 3. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

## MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Pet Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The "Minnesota Act" means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

All initial franchise fees are deferred until all initial obligations owed to Franchisee under the Agreement or other documents have been fulfilled by Pet Fresh Franchising and the Franchisee has commenced doing business pursuant to the Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

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

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i)

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

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

**NEW YORK RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Pet Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Pet Fresh Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.
  
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Pet Fresh Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
  
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
  
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

## NORTH DAKOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Pet Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Arbitration Proceedings: Franchisee and any Guarantor are not required to agree to the arbitration of disputes at a location that is remote from the site of Franchisee's business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
- (11) Fee Deferral: All initial franchise fees are deferred until all initial obligations owed to franchisee under the Agreement or other documents have been fulfilled by Pet Fresh Franchising and the Franchisee has commenced doing business pursuant to the Agreement.

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

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**RHODE ISLAND RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the "Agreement"), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company ("Pet Fresh Franchising") and \_\_\_\_\_, a \_\_\_\_\_ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
  
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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



## SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated \_\_\_\_\_ (the “Agreement”), between Pet Fresh Franchising, LLC, a Minnesota Limited Liability Company (“Pet Fresh Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Fee Deferral.** Based on the financial condition of the franchisor, the franchisor has deferred the payment of the Initial Franchise Fee until the franchisee’s business is operational.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT  
AND  
RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which 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 involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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 limitation period for claims under the Act, 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.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

PET FRESH FRANCHISING, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT K**

**ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION**

## ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

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

Location: \_\_\_\_\_

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

Attention: Accounting

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

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

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

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

Sincerely yours,

\_\_\_\_\_

Account Name

Customer Street Address

City State Zip Code

Customer Telephone Number

Customer's Account Number

Bank's Account Number

\_\_\_\_\_

Bank Name

Branch

Bank Street Address

City State Zip Code

Bank Telephone Number

Bank Routing/ABA Number

## STATE EFFECTIVE DATES

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

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

<b>State</b>	<b>Effective Date</b>
Minnesota	Pending
North Dakota	Pending
South Dakota	Pending
Wisconsin	Pending

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

## RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Pet Fresh 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.

If Pet Fresh 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 in Exhibit A.

The franchisor is Pet Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125. Its telephone number is 651-731-0515.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Address	Phone
<input type="checkbox"/> Stephen Linn	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Kenneth Rohlf	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> William Wallace	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amanda Knuuttila	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Sara Lucier	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Krista Phillips	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Bill Stransky	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Amy Dumonceaux	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Blake Martin	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515
<input type="checkbox"/> Jeffrey Linn	7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295	651-731-0515

**Issuance Date:** March 28, 2024

I have received a disclosure document dated March 28, 2024, that included the following Exhibits:

- |  |   |
|--|---|
| A. State Administrators and Agents for Service of Process        | G. Brand Standards Manual Table of Contents   |
| B. Franchise Agreement (with Guaranty and Non-Compete Agreement) | H. Current and Former Franchisees             |
| C. Multi-Unit Development Agreement                              | I. State Addenda to Disclosure Document       |
| D. Rider to Lease Agreement                                      | J. State Addenda to Agreements                |
| E. Form of General Release                                       | K. Electronic Transfer of Funds Authorization |
| F. Financial Statements  |   |

Please indicate the date on which you received this Disclosure Document, and then sign and print your name below, indicate the date you sign this receipt, and promptly return one completed copy of the Receipt to Pet Fresh Franchising, LLC, 7616 Currell Boulevard, Suite 100, Woodbury, MN 55125-2295. This copy of the Receipt is for your records.

Signature: \_\_\_\_\_ Date Disclosure Document Received: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Receipt Signed: \_\_\_\_\_

**Keep This Copy For Your Records**

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Signature: \_\_\_\_\_ Date Disclosure Document Received: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date Receipt Signed: \_\_\_\_\_

**Return This Copy To Pet Fresh Franchising, LLC**

4889-6496-4513, v. 4