

amount of the franchise fee paid by you as specified in this Agreement, subject to inflation adjustment; *provided that*, if your Franchise was acquired by transfer, you will pay a successor franchise fee equal to the amount of the successor franchise fee specified in the Agreement you assumed. We must receive the successor franchise fee from you at the time of awarding the successor franchise; and

(9) Any award of the second and final successor franchise must meet the terms and conditions for award of a successor franchise as set forth in the first successor franchise agreement; provided that the economic terms will not differ from those set forth herein, except that the successor franchise fee for the second successor franchise shall be calculated in the same manner as under (8) above.

Failure by you and/or your owners to complete such requirements in a timely manner will be deemed an election by you not to obtain the successor franchise.

If, at any time, you or any Affiliate is to receive one or more successor, additional, other and/or further franchise(s) from us [we having no obligation to award you any such additional, other and/or further franchise(s) other than as expressly set forth in this Agreement], you, each of your Affiliates, each owner of the Franchisee, will at each such time sign a General Release, except (where expressly so required by applicable law) for any claims exclusively related to the offer and sale of the successor, additional, other and/or further franchise(s).

21. DEFAULT AND TERMINATION

21.1 Defaults With No Right To Cure. This Agreement will automatically terminate upon delivery of our written notice of termination to you in compliance with Article 26 (without further action by us and without opportunity to cure) if you (or any of your owners):

A. abandon or fail to operate any of your Aussie Pet Mobile Franchise Businesses for more than fourteen (14) consecutive calendar days, or lose the right to possession of any of the Sprinter Vans, ;

B. fail to place the Customized Vehicle for the Franchise Business(es) into operation within **15 Business Days** from taking delivery, or fail to open your Franchise Business within 4 weeks after successfully completing training or within 12 weeks of this Agreement;

C. Under the **Silver, Gold and Platinum Programs**, after full and timely payment of the Designated Equipment Package Fee(s), fail to timely and fully meet all of your obligations arising under the Development Schedule attached to this Agreement (for any reason), or any other agreement between you and us;

D. make any material misrepresentation or omission in your application for the Franchise, including (but not limited to) criminal convictions (other than minor traffic offenses);

E. are judged bankrupt, become insolvent, make an assignment for the benefit of creditors, are unable to pay your debts as they become due, or a petition under any bankruptcy law is filed by or against you or any of your owners or a receiver or other custodian is appointed for a substantial part of the assets of any of your Aussie Pet Mobile Franchise Businesses;

F. are convicted of, or plead no contest to, a felony, or to any crime of moral turpitude that is likely to adversely affect the reputation of the Franchisee or any owner, any of your Aussie Pet Mobile Franchise Businesses, us or the goodwill associated with the Marks;

G. engage in any misconduct which unfavorably affects your reputation or any owner, any of your Aussie Pet Mobile Franchise Businesses, us or the goodwill associated with the Marks (including, but not limited to, abuse, abuse of customers, use of employees who do not meet our then-current standards and training requirements, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at any of your Aussie Pet Mobile Franchise Businesses);

H. make, or attempt to make, an unauthorized "transfer" as defined in this Agreement or surrender control without our prior written approval;

I. make an unauthorized use of the Marks or any unauthorized copy, use or disclosure of any Confidential Information;

J. violate any of the In Term or Post Term Restrictions against competition provided in Section 17.1, above (or any other person identified therein commits such a violation);

K. commit any act or omission of fraud or misrepresentation, whether with respect to us, any of the Franchisor-Related Persons/Entities and/or any third party, including (but not limited to) any misrepresentation of Gross Volume;

L. have five (5) or more material unresolved customer complaints with respect to any of your Aussie Pet Mobile Franchise Businesses in any twelve (12) month period; or

M. fail to permit or cooperate with us or our designee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you;

With regard only to Subsections 21.1 B. and 21.1 C., we may, in our Business Judgment, allow you extensions of time or other considerations if your default is due to circumstances beyond your control including, without limitation, fire, flood, earthquake, riot, war or terrorist acts, but we will not allow you extensions of time or other considerations merely for personal economic or business reasons.

With regard to Subsection 21.1 C., no cure period is required with respect to your obligations under the Development Schedule since you have full advance notice of all dates and your related obligations, time being of the essence.

21.2 Defaults With Right To Cure. This Agreement will automatically terminate on delivery of our written notice of termination to you in compliance with Article 26 (without further action by us and without further opportunity to cure beyond that set forth in this Section):

A. 5 Day Cure If within five (5) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) failure to make payments of any amounts due us, any Franchisor-Related Person/Entity, any designee of ours and/or any supplier/creditor of yours and do not correct such failure(s);
- 2) failure to correct any condition that, in our reasonable judgment, might pose a danger to public health and/or safety;
- 3) failure to maintain required insurance; or
- 4) failure to report accurately Gross Volume or fail to submit any other report due under this Agreement or any lease/sublease in accurate and complete form and when required.

If you have purchased a **Platinum Program** you understand that we have reserved for you and not marketed or sold in those Protected Areas as set out in the Second Schedule. Accordingly if you fail either (i) to timely pay a Designated Equipment Package Fee or, (ii) to timely deliver a Sprinter Van for customization in accordance with the schedule in Section 5.4 above, then (i) you immediately forfeit the right to open additional franchise businesses in accordance with the Development Schedule, (ii) you forfeit any and all Franchise Fees paid for any/or all of Units 4, 5 or 6 which remain undeveloped after you have failed either (i) to pay a Designated Equipment Package Fee, or (ii) to timely deliver a Sprinter Van for customization and (iii) we are immediately released from the obligation to keep those undeveloped Protected Areas available for you and may market and sell franchises into those undeveloped Protected Areas and (iv) if you are otherwise in Good Standing and execute a General Release you will, be permitted to retain your present number of Franchise Businesses

For example, if you have previously timely developed Units 1 through 4 and thereafter fail either (i) to timely pay the Designated Equipment Package Fee or, (ii) to timely deliver a Sprinter Van for customization for Unit 5 at least 60 days before the date set on your Development Schedule for delivery and opening of the 5th Franchise Business, then (i) you will forfeit the Franchise Fees paid for Units 5 and 6, (ii) you will be prohibited from any further development of any additional Franchised Businesses, (iii) we may immediately sell and market in the Protected Areas previously reserved for Units 5 and 6 and (iv) if you are otherwise in Good Standing and sign a General Release of all claims, we will permit you to retain your present four Franchise Businesses.

With respect to items A.2 and/or A.3 above, we may require you to immediately cease all operations until such defaults are fully cured.

B. 30 Day Cure If within thirty (30) calendar days after delivery of our written notice to you, you (or any of your owners) do not cure any:

- 1) default under the lease or sublease associated with any of your Aussie Pet Mobile Franchise Businesses within the applicable cure period set forth in the lease or sublease (if such applicable cure period is less than 30 days, then such applicable cure period shall apply, notwithstanding any cure period provided in this Article);
- 2) delinquency in your obligations to taxing authorities, landlords, equipment lessors, suppliers or others; or
- 3) failure to comply with any other provision of this Agreement, any other agreement with us and/or any Affiliate of ours, or any specification, standard or operating procedure or rule prescribed by us in the Manuals or by other writing which does not provide for a shorter notice period.

21.3 Repeated Defaults. This Agreement will automatically terminate upon delivery of our written notice of termination to you in compliance with Article 26 (without further action by us and without opportunity to cure) if you or any Affiliate has committed two or more applicable defaults within any twelve (12) consecutive months, or three or more applicable defaults within any twenty-four (24) consecutive months. An "applicable default" is a single breach of any obligation under this Agreement (including the Protected Area Schedule or Development Schedule) and/or the Manuals, or under any other agreement with us and/or any of our Affiliates, whether or not such default is cured, or is the same as or similar to a prior event of default.

21.4 Cross-Defaults. Any default by you (or any owner or Affiliate of yours) under this Agreement (including the Protected Area Schedule or Development Schedule) may be regarded by us as a default under any other agreement between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours). Any such default under any other agreement or any other obligation between us (or any Franchisor Related Persons/Entities) and you (or any owner or Affiliate of yours) may be regarded as a default under this Agreement. Any default by you (or any owner or Affiliate of yours) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between you (or any owner or Affiliate of yours) and us (or any Franchisor Related Persons/Entities).

21.5 Performance Standards. You and we have a shared interest in each of your Aussie Pet Mobile® Franchise Businesses not performing below Aussie Pet Mobile® System Standards, or failing to achieve an appropriate level of Gross Volume. You acknowledge that we would not have awarded you this Franchise if we did not agree that your maintenance of Aussie Pet Mobile® System Standards or your level of Gross Volume at agreed upon levels was vital to our relationship. Performance standards include both Aussie Pet Mobile® System Standards and Gross Volume requirements as described below.

A. Aussie Pet Mobile® System Standards

We may choose in our Business Judgment to evaluate each of your Aussie Pet Mobile Franchise Businesses for compliance with Aussie Pet Mobile System Standards using various methods (including, but not limited to, inspections, field service visits, customer comments/surveys and secret shopper reports). In conducting such an evaluation we will use the same methodology and scoring system then in use by us for evaluating any Aussie Pet Mobile® Franchise Businesses owned and/or operated by us and/or our Affiliates. Each of your Aussie Pet Mobile® Franchise Businesses will be assigned System Standards Scores for categories being scored at that time. Your scores will be compared with the average score in each such category achieved by all Aussie Pet Mobile® Franchise Businesses in the United States (including those owned and/or operated by us and/or our Affiliates), or such other geographic area as we reasonably believe appropriate for evaluation purposes.

B. Aussie Pet Mobile® Financial Standards

We may choose in our Business Judgment to compare your Gross Volume with the then-current "Financial Standard". [For example, if the first comparison was on June 30, the next comparison would be on December 31, etc.] The Financial Standard would be determined as follows:

| PERIOD OPEN OR REQUIRED TO BE OPEN | FINANCIAL STANDARDS ADJUSTED EVERY 6 MONTHS |
|--|--|
| Less than One Year | 50% of PUA* |
| One Year or More But Less Than Two Years | 65% of PUA* |
| Two Years or More | 75% of PUA* |

*"PUA" or "Per Unit Average" – The average Gross Volume for all Aussie Pet Mobile Franchise Businesses in the United States during the most recent six (6) month period before the measuring date. We will, to the extent possible and practical, make every effort to compare your Gross Volume with PUA of other Franchise Businesses in the System that have been operating for comparable time periods with your Franchise Business/es.

C. We reserve the right to make reasonable revisions to elements of the Financial or System Standards upon six months written advance notice to you. Such revisions may include, but are not limited to, changes in PUA percentages, measurement periods or geographical areas.

D. We may (but are not required to) implement the correction process described in 22.5 E, below, if your:

- 1) System Standards Score in a scored category is lower than the average System Standards Score; or
- 2) Gross Volume for the applicable measurement period does not equal the then-current Financial Standard.

E. Correction Process

1) If we notify you of your failure to meet the then-current average System Standards Score in a scored category and/or the applicable Financial Standard, then you will have six (6) months from our delivery of written notice to you in accordance with Article 26, below, to meet all applicable Financial and System Standards.

2) We will reasonably cooperate with and assist you in your efforts to meet your performance objectives. Such assistance may include, but is not limited to, consultations, meetings at our headquarters, and/or retraining activities or programs at designated locations. You are responsible for any costs associated with such activities, including travel, meals, lodging and any other related expenses and will participate in the same upon our request.

F. If at the end of such six (6) month correction period each of your Aussie Pet Mobile Franchise Businesses do not meet the average Aussie Pet Mobile System Standards score for any category and/or the then applicable Financial Standards, then we may elect to terminate this Agreement. You will have ninety (90) days after the end of such Six (6) Month Correction Period to complete a sale of your Franchise to a third party if:

- 1) You provide us written notice of your desire to sell your franchise within 10 days of the expiration of such six (6) month correction period along with a General Release signed by you and each of your owners and Affiliates; and

- 2) Any such transfer meets all requirements of this Agreement, including those provided in Article 13.2, above.

G. If you do not provide us the notice described in 21.5 F (1), above, or complete an authorized sale within the 90 day period provided in 21.5 F, above, then we may elect to terminate this Agreement immediately upon delivery of written notice to you in accordance with Article 26, below.

H. Nothing in this Section is intended to limit or diminish in any way any rights or remedies provided us under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing shall not prevent us from exercising any such rights and/or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

21.6 Non Exclusive Remedies. Whenever we have a right to terminate this Agreement, we (and any Franchisor Related Person/Entity) will have all remedies allowed at law and in equity. No right or remedy which we may have (including termination) is exclusive of any other right or remedy, and we may pursue any rights and/or remedies available. In every instance in which we have the right to terminate this Agreement under this Article 21, we can elect in our Business Judgment to cancel any and/or all of your protected area or similar rights, whether arising under this Agreement or in any other manner or document.

21.7 No Equity on Termination, etc. Your rights regarding the Franchise are controlled by the provisions of this Agreement. You will have no equity or any other continuing interest in the Franchise, any goodwill associated with it, or any right to compensation or refunds at the expiration and/or termination of the Franchise.

21.8 Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, we reserve the right to grant to you in our Business Judgment an extended cure period for any breach. You acknowledge that our decision to grant such an extended cure period shall not operate as a waiver of any of our rights and that we can choose to condition such an extension upon the signing of a General Release by you, each owner and Affiliates of yours.

21.9 Management of Your Franchise Businesses After Issuance of Notice of Default.

A. If we issue a notice of default, we will have the right (but not the obligation) to manage each of your Aussie Pet Mobile Franchise Businesses in default until you have cured all defaults. All revenues received by the Aussie Pet Mobile Franchise Businesses in default while we (or our designee) are managing it will be kept in a separate fund. All applicable Aussie Pet Mobile Franchise Business expenses, including compensation, travel and living expenses for our appointed manager, may be paid out of such fund. We shall be paid Two Hundred Fifty Dollars (\$250.00) per day as a management fee (subject to adjustment as provided in Section 5.11). If such fund is insufficient to pay the Aussie Pet Mobile Franchise Business expenses, we shall notify you. You shall, within five (5) business days, deposit such amounts as shall be required by us to attain a reasonable fund balance.

B. Operation of each of the Aussie Pet Mobile Franchise Businesses in default by us during any such period shall be on your behalf; provided that we shall only have a duty to use reasonable efforts and shall not be liable to any creditor of yours or for any debts, losses or obligations incurred by each of the

Aussie Pet Mobile Franchise Businesses. This Section 21.9 shall not limit our right to terminate this Agreement as herein provided or affect any of our indemnity or other rights under this Agreement.

21.10 Our Right To Discontinue Supplying Items Upon Default. We and any Franchisor Related Persons/Entities have the right, in addition to all other rights and remedies, to require you to pay C.O.D. (i.e., cash on delivery) or by certified check upon the issuance of a default and to stop selling and/or providing any goods and/or services until you have cured all defaults.

21.11 Prompt Notice of Claims by You. Understanding that not all defaults by us would lead to a right for you to terminate this Agreement, if you wish to terminate your obligations under this Agreement as a result of an alleged act or omission by us, and otherwise would have the right to do so, you must give us written notice and thirty (30) days to cure such alleged act or omission and any action by you to terminate will not proceed until we have had such notice and an opportunity to cure. If such alleged act or omission cannot reasonably be corrected within such thirty (30) day period, and we are diligently continuing efforts to cure, then we will have ninety (90) days to cure such alleged act or omission; provided that a) any dispute regarding our withholding consent with respect to a proposed transfer by you, or any other dispute in which delay may cause you significant harm or loss, may be immediately processed as provided in Section 23.1; and b) any claim for equitable relief with respect to a dispute under Subsection 23.1 (H) shall not be subject to this Section.

22. RIGHTS AND OBLIGATIONS ON TRANSFER, TERMINATION, EXPIRATION AND/OR REPURCHASE OF THE FRANCHISE OR OTHERWISE.

22.1 Termination of Rights and Obligations, Payments of Amounts Owed, etc. Transfer, termination, expiration or repurchase of this Agreement will constitute a termination or expiration of all of your rights and all of our obligations. You must pay us and each of our Affiliates, within ten (10) days after the effective date of any transfer, termination, expiration or repurchase of the Franchise, or such later date that the amounts due are determined, such royalties, marketing contributions, amounts owed for purchases or otherwise by you (or any Affiliate) from us and/or any Affiliate, interest due on any of the foregoing, and all other amounts owed to us (or any Affiliate) which are then unpaid, subject to the limitations on your liability as set forth below in this Agreement.

22.2 Marks, Trade Dress, Phone Listings, etc. On and after any transfer, termination, expiration or repurchase of the Franchise, you must: (1) not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Aussie Pet Mobile® Franchise Business, or as a current or former franchisee of or as otherwise associated with us, or use any Mark or any colorable limitation thereof in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark or other commercial symbol that suggests or indicates a connection or association with us; (2) remove all signs containing any Mark and return to us or (at our option) destroy all forms and materials containing any Mark or otherwise identifying or relating to each of your Franchise Businesses; (3) take such actions as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; (4) take such other steps as are reasonably appropriate to prevent any possibility that the public will associate you, or any business with which you are involved, with the Aussie Pet Mobile® System and/or Marks, including the return or destruction of all materials or items displaying or containing our Marks, logos, names and other indicia of Aussie Pet Mobile® thereon, the Hydrobath, the design, configuration and layout of which you acknowledge and agree are and/or contain Confidential Information and/or Trade Secrets of Aussie Pet Mobile, Inc.; and (5)

take all actions necessary or appropriate to transfer to us all lists of customers, as well as any telephone number(s), and any telephone directory listings/URLs, associated with the Marks and/or each of your Franchise Businesses.

If (a) we notify you that you (or any Affiliate of yours) are in default under this Agreement or any other agreement with us (or any Affiliate of ours), (b) this Agreement expires or is terminated, or (c) your Franchise (or the Franchise Business or any of its assets) are purchased or repurchased by us or an Affiliate, you will execute such documents, and do all other acts, as may be required by us and/or any service provider to effect a transfer, call-forwarding or otherwise to us [or such person(s) as we designate] of all such service (including cellular and fax), numbers, directory listings and/or advertising. You will pay all amounts, whether due and payable or not, that any service provider may require in connection with such transfer or otherwise and will sign all releases and other documents (including those providing that you indemnify and hold harmless any service provider and us) required by any service provider and/or us in connection therewith.

You must furnish to us, within thirty (30) days after the effective date of transfer, termination, expiration or repurchase, satisfactory evidence of your compliance with the foregoing obligations.

22.3 Confidential Information. You agree that on any transfer, termination, expiration or repurchase of the Franchise (without award of a successor franchise): (1) you will immediately cease to use any Confidential Information of ours disclosed to or otherwise learned or acquired by you in any business or otherwise; and (2) you will return to us all copies of the Manuals and any other confidential materials which have been loaned or made available to you by us.

22.4 Covenant Not to Compete, Continued Confidentiality, etc. Notwithstanding any transfer, termination, expiration or repurchase, you will continue to observe the confidentiality, non-competition and other restrictions of this Agreement, including (but not limited to) those of Sections 13 and 17.1.

22.5 Continuing Obligations. Other than the six (6) month limitation expressly provided in Section 2.2 of our current form of Consent to Transfer, all obligations and rights of yours and ours, including your obligation to pay royalties, marketing contributions and other amounts, and the provisions of this Agreement with respect to dispute avoidance and resolution (including, but not limited to, those of Article 23), together with the provisions of Articles 24 and 25, and all other obligations of yours and ours which expressly or by their nature survive the transfer, termination, expiration or repurchase of this Agreement or the Franchise (including, but not limited to, your indemnity, confidentiality and non-competition obligations), will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. All these obligations will apply notwithstanding any rejection of this Agreement in a bankruptcy proceeding or otherwise. In any event, the exercise of any rights of termination will not be a parties' sole remedy and where obligations and/or rights under this Agreement have been terminated by reason of a default, neither party will be released or discharged from, and will be required to pay, and perform, each of its obligations hereunder, including your obligations to pay royalties, marketing contributions and other amounts then due.

22.6 Our Right to Purchase the Customized Vehicle(s) and the Designated Equipment of Each of Your Franchise Businesses on Termination, Expiration or Repurchase. In addition to, and

not in limitation of, any other rights we may have, (a) on, and/or within 120 days after, termination by us of our obligations and/or your rights under this Agreement and/or any Franchise Agreement between you and us, (b) on any repurchase by us of your rights under this Agreement (or similar or related transaction), and/or (c) on, and/or within 30 days after, the date of delivery to us of a true and complete copy of any bona fide offer which is subject to the right-of-first-refusal provisions of this Agreement and/or any Franchise Agreement between you and us (together with the deposit and satisfaction of all other requirements for our consent to such transfer), we will have the option (but no obligation), exercisable by giving written notice thereof, to purchase from you the Customized Vehicle , Hydrobath or the Designated Equipment previously installed within the Customized Vehicles, and/or any other items used in, or in connection with, your Franchise Business at Fair Market Value.

We will have the unrestricted right to assign any option to purchase and/or any related rights. The purchase price will be Fair Market Value of the Customized Vehicle or the Designated Equipment Hydrobath only, determined in a manner consistent with reasonable depreciation of Customized Vehicles, Hydrobath and the component parts of each Designated Equipment Package as applicable. You acknowledge that the mobile Customized Vehicles, similar to new automobiles, as well as the components of the Designated Equipment Package such as Hydrobaths and air conditioners, depreciate substantially in value after initial purchase by and delivery to you for use in your operations and, therefore, Fair Market Value may diminish significantly between the time of your purchase of the Customized Vehicles and the Designated Equipment Package Hydrobath and the time of any resale/repurchase even though only a brief period of time may have elapsed. Fair Market Value does not include any factor or increment for any goodwill or for the Hydrobath design and function, Marks or any trademark, service mark or other commercial symbol used in connection with the operation of your Aussie Pet Mobile® Franchise Businesses, any goodwill, going concern value (in the case of termination and/or expiration) or any franchise rights, and further provided that we may exclude from the assets purchased any equipment signs, inventory or otherwise that do not meet quality standards for Franchise Businesses. The signage, tire cover, and inventory/products will not be repurchased. If you and we fail to agree on the Fair Market Value of any assets, then it will be determined by an independent appraiser selected by you and us. If you and we fail to agree on an appraiser, you and we will each select one appraiser, who together will select a third appraiser and The Fair Market Value will be deemed to be the average of the three (3) independent appraisals. All sales, transfer and/or similar taxes are to be paid by you. In connection with such purchase, you (and each Affiliate of yours) will execute a General Release.

The purchase price will be paid in cash. Closing will take place no later than thirty (30) days after receipt by you of notice of exercise of this option to purchase, unless our repurchase is in connection with termination of your Franchise, in which case the closing will take place upon our resale of the Customized Vehicle(s) Hydrobath and /or the Designated Equipment. At closing you will deliver instruments transferring to us, our assignee or into an escrow: (1) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us in our Business Judgment), and demonstrating that all sales, transfer and/or similar taxes are to be paid by you through escrow if we so require; and (2) all licenses and permits of your Franchise Business which may be assigned or transferred. If you cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there are other unresolved issues, or we otherwise require in our Business Judgment, the closing of the sale will be accomplished through an escrow. You and we will, prior to closing, comply with any applicable bulk sales and/or similar laws. We will have the right to set off against and reduce the purchase price by any and all amounts owed by you (or any affiliate) to us or any affiliate of ours, and the amount of any encumbrances or liens against the assets or any

obligations assumed by us. Our rights under this or any other Section may be assigned by us, in our Business Judgment, to any person or entity we choose.

If such option is exercised, you will forever indemnify and hold us harmless against, all obligations incurred in connection with the business. You will furnish us with a complete list of accounts unpaid by you within ten (10) days of our notice of intent to exercise this option. We may (but are not required to) pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

If the option to purchase the Customized Vehicle is not exercised, then:

- (i) We will uninstall the Hydrobath from the Sprinter Van(s) and,
- (ii) as long as it has been maintained in a way that it is economically capable of refurbishment and re-use, we will repurchase the Hydrobath and will pay a purchase price which will be the Fair Market Value as described and as determined above, and
- (iii) You acknowledge and agree that a Hydrobath has a depreciable value not to exceed 10 years and that after 5 years, a Hydrobath is no longer economically refurbishable and re-usable, and
- (iv) you will remove all remaining pieces of Designated Equipment and completely de-identify the Customized Vehicle, as described in section 22.2 above, and
- (v) you may sell the de-identified Sprinter Van to any entity or third party provided that the purchaser shall not operate or use the Sprinter Van for the operation of a mobile pet grooming business.

22.7 Execution of Release on Default, etc. In any case where you have committed a default under this Agreement between you and us, any lease/sublease and/or otherwise which would allow us to terminate your rights, we may (but are not required to) waive our rights to collect any Royalties, Marketing Fund contributions and other amounts which would have become due if you had continued in operation as an Aussie Pet Mobile® Franchisee and you will, in consideration for such waiver, execute a General Release. This option may be exercised by us at any time, including before, at the same time as or after termination, expiration or otherwise and whether or not you or we have made any claims, or begun any proceedings, against the other or anyone else.

23. DISPUTE AVOIDANCE AND RESOLUTION.

For the purposes of this Article 23, "you" includes you and your owners, Affiliates and their respective employees, and "we" includes us and any "Franchisor-Related Persons/Entities."

23.1 MEDIATION AND MANDATORY BINDING ARBITRATION, WAIVER OF RIGHT TO TRIAL IN COURT, etc. You and we believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. You and we have agreed that the provisions of this Article 23 support these mutual objectives and, therefore, agree as follows:

A. **Claim Process:** **Any** litigation, claim, dispute, suit, action, controversy, or proceeding **of any type whatsoever** including any claim for equitable relief and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you and us on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in

the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below at Section 23.1 H.

1) First, discussed in a face-to-face meeting held within 30 days after either you or we give written notice to the other proposing such a meeting.

2) Second, if not resolved, submitted to non-binding mediation for a minimum of four hours before i) Franchise Arbitration and Mediation, Inc. ("FAM") or its successor (or an organization designated by FAM or its successor), or ii) any other mediation organization approved by all parties, or iii) by Judicial Arbitration and Mediation Service (JAMS) or its successor (or an organization designated by JAMS or its successor), if FAM cannot conduct such mediation and the parties cannot agree on a mediation organization. We will pay the costs of the first four hours of any mediation, and no mediation is required to extend beyond such four hour period. Any mediation/arbitration (and any appeal of arbitration) will be conducted by a mediator/arbitrator experienced in franchising. Any party may be represented by counsel and may, with permission of the mediator, bring persons appropriate to the proceeding.

3) Third, submitted to and finally resolved by binding arbitration before and in accordance with the arbitration rules of FAM or its successor (or an organization designated by FAM or its successor); provided that if such arbitration cannot be heard by any such organizations, then the arbitration will be conducted before and in accordance with the arbitration rules of JAMS or its successor (or an organization designated by JAMS or its successor); provided that, in any case, arbitration may be filed prior to a face-to-face meeting and/or mediation, with such face-to-face meeting and/or mediation to follow as quickly thereafter as possible. All arbitrators shall be experienced in franchising. On election by any party, arbitration and/or any other remedy allowed by this Agreement may proceed forward at the same time as mediation. Judgment on any preliminary or final arbitration award will be final and binding, and may be entered in any court having jurisdiction (subject to the opportunity for appeal as contemplated below). The arbitrator's award shall be in writing. On request by either party, the arbitrator shall provide to all disputants a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitrator's fees and costs connected therewith.

4) Fourth, a final award by an arbitrator (there will be no appeal of interim awards or other interim relief), may be appealed within thirty (30) days of such final award. Appeals will be conducted before a three (3) arbitrator panel appointed by the same organization as conducted the arbitration, each member of which shall be experienced in franchising. The arbitration panel will not conduct any trial de novo or other fact-finding function. Such panel's decision shall be in writing, may be entered in any court having jurisdiction and will be binding, final and non-appealable. On request by either party, the arbitration panel shall provide to all disputants a reasoned opinion with findings of fact and conclusions of law and the party so requesting shall pay the arbitration panel's fees and costs connected therewith.

B. Confidentiality: The parties to any meeting/mediation/arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. Location and Attendees: Any face to face meeting, mediation/arbitration (and any appeal) will be conducted exclusively at a neutral location in the county in which our then-current headquarters is located, which may change from time-to-time, and be attended by you and us, and/or designees authorized to make binding commitments on each of our respective behalfs; provided that if any court

determines that this provision is unenforceable for any reason, any face to face meeting, mediation/arbitration (and any appeal) will be conducted at a location near your unit.

D. Arbitration Authority: Arbitrators in any proceeding under this Article 23 shall apply all applicable law, and a failure to apply the applicable law in accord with Section 24.8 shall be deemed an act in excess of authority. The arbitrator shall decide any questions relating in any way to the parties' agreement (or claimed agreement) to arbitrate, including but not limited to applicability, subject matter, timeliness, scope, remedies, claimed unconscionability and any alleged fraud in the inducement. The arbitrator may issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc. by any court having jurisdiction. The subpoena powers of the arbitrator with respect to witnesses to appear at the arbitration proceeding shall not be subject to any geographical limitation.

E. Discovery: The disputants shall have the same discovery rights as are available in civil actions under the state law selected in Section 24.8.

F. Compulsory Counter-claims: Each participant must submit or file any claim which would constitute a compulsory counter-claim (as defined by the applicable rule under the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such Claim which is not submitted or filed in such proceeding will be forever barred. In no event may offers and/or other communications made in connection with, or related in any way to, mediation, possible settlement or other resolution of a dispute be admitted into evidence or otherwise used in any arbitration or other proceeding, and any arbitration award in violation of this provision shall be vacated by the arbitration appeal panel (described above) and/or any court having jurisdiction.

G. Fees and Costs: Subject to the provisions of Section 24.1, the parties will bear their own fees and costs, including attorneys fees; provided that for matters not settled through agreement of the parties, the arbitrator may assess all, or any portion, of the fees and costs incurred in connection with any arbitration and/or appeal (but not any attorney's fees) against the party who does not prevail.

H. Disputes Not Subject to the Mediation/Arbitration Process: Claims or disputes relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you may be subjected to court proceedings or to the Process outlined in 23.1 A, above, at our sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any Intellectual Property licensed to you and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the Process outlined in 23.1 A. Any action to compel a party's compliance with Section 23.1 must be consistent with Section 23.2, below.

I. Your and Our Intentions: You and we mutually agree (and have expressly had a meeting of the minds) and expressly intend that, notwithstanding any contrary provisions of state, provincial or other law, and/or any statements in our Offering Circular required by a state/province as a condition to registration or for some other purpose:

1) all issues/disputes relating to arbitrability of issues (including whether or not any particular Claim, issue or otherwise is to be submitted to face-to-face meeting/mediation/arbitration),

arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims, jurisdiction, choice-of-laws and/or the interpretation/enforcement of any of the dispute resolution-related provisions of this Agreement (including, but not limited to all of the provisions of Articles 23, 24 and 25) will be decided by the arbitrator (together with any Claims that this, or any other, agreement, and/or their terms, were procured by fraud or uneven bargaining power, are or were unconscionable, were not subject to negotiation, or similar claims) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

2) all provisions of this Agreement (including, but not limited to, Articles 23, 24 and/or 25) shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims;

3) you and we intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

4) you and we each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring mediation and/or arbitration as provided in this Agreement; and

5) the terms of this Agreement (including but not limited to this Article 23) shall control with respect to any matters of choice of law; and

6) notwithstanding the fact that a party to this Agreement is or may become a party to a court action or special proceeding with a third party or otherwise, and whether or not such pending court action or special proceeding (1) may include issues of law, fact or otherwise arises out of the same transaction or series of related transactions as any arbitration between or involving the parties to this Agreement, (2) involves a possibility of conflicting rulings on common issues of law, fact or otherwise, and (3) such pending court action or special proceeding may involve a third party who cannot be compelled to arbitrate, the agreement of the parties to this Agreement shall be enforced according to its terms and any party to this Agreement may bring an action to compel a face-to-face meeting, mediation and/or arbitration, you and we strongly preferring arbitration to court actions and wishing to have a single entity (the arbitrator) determine all issues of fact and law between or involving us, except as expressly provided otherwise in this Agreement.

23.2 Venue. Without in any way limiting or otherwise affecting your and our obligations under Section 23.1, above, you and we agree that any litigation will be held in the United States District Court encompassing our then-current headquarters (the "Proper Federal Court"). Proceedings will be held only in the Proper Federal Court, subject to the following exceptions:

A. if a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a court in the most immediate state judicial district encompassing our then-current headquarters and having subject matter jurisdiction (the "Proper State Court");

B. proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court; and

C. any action to obtain possession of any real and/or personal property (including any action in unlawful detainer, ejectment or otherwise) may be brought in any court of competent jurisdiction and/or the Proper State or Federal Court.

23.3 Terms Applicable to All Proceedings, Waiver of Trial by Jury, Class Action Rights.

With respect to any arbitration, litigation or other proceeding of any kind, you and we:

A. **knowingly waive all rights to trial by jury;**

B. will pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis; provided that if this provision is not enforceable for any reason, then you and we agree that with respect to any multiple plaintiff or class action, a court will supervise the procedural aspects directly related to the multiple plaintiff/class nature of the proceeding (e.g. certification of the class, appropriateness of class representation, approval of attorney's fees incurred on behalf of the class, approval of any settlement, etc.) and the arbitrator will decide all substantive matters related to the actual claims, including liability and damages.

23.4 Limitations on Damages, Waiver of Punitive Damages. Your liability to us and/or to any of the Franchisor-Related Persons/Entities, for any and all claims, whenever brought, together with that of any and all Affiliates of yours, will be limited to a maximum total amount equal to the then-current level required for Federal diversity jurisdiction (currently \$75,000), plus One Thousand Dollars, for any and all claims, whenever brought, subject to inflation adjustment (liability for the present value of all payments which normally would have been owed by you if the franchise had continued in existence for its full term, together with any past due payments owed to us and/or any Affiliate, are subject to and part of such total limit); provided that there shall be no limitation on indemnity obligations. Our maximum liability, together with that of any and all of the Franchisor-Related Persons/Entities, will also be limited to a maximum total amount equal to the then-current level required for Federal diversity jurisdiction (currently \$75,000), plus One Thousand Dollars, for any and all claims, whenever brought. In any event and to the fullest extent permitted by law, you and we (and your Affiliates and the Franchisor-Related Persons/Entities) each knowingly waive any right to or claim for punitive, exemplary, multiple or similar damages against the other party and agree that, in the event of any dispute, you and we (and your Affiliates and the Franchisor-Related Persons/Entities) shall be limited to recovery of any actual damages sustained by the injured party, unless otherwise expressly stated in this Agreement; provided that no such waiver or limitation shall apply to amounts owed under any indemnification obligation provided in this Agreement. To the extent that any provision of this Section 23.4 is invalid or unenforceable, you and we intend that such provision shall be severed and the remainder of this Agreement shall remain in full force and effect.

23.5 Periods In Which to Make Claims.

A. No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either you or us will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged

breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

2) Two (2) years after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Subsection 23.6 A, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

23.6 Survival of Obligations.

A. Each provision of this Article 23, together with the provisions of Articles 24 and 25, will be deemed self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, Termination, rescission, or finding of unenforceability of this Agreement (or any part of it) for any reason; will survive and will govern any Claim for rescission; and will apply to and govern any Claim against, or with respect to, the Marketing Fund. Notwithstanding any bankruptcy or other proceeding, you and we wish to have the dispute avoidance and resolution provisions of this Agreement strictly enforced according to their terms.

B. Non-competition, confidentiality, protection of the Marks and indemnity/hold harmless obligations, and all other Post-Termination Provisions, provided in this Agreement shall survive the expiration and/or Termination of this Agreement according to their terms.

24. MISCELLANEOUS PROVISIONS

24.1 Costs and Attorneys' Fees. Except as expressly provided regarding recovery of attorneys' fees as part of indemnification rights hereunder, or in this Section, or as otherwise expressly provided in this Agreement, the parties will each bear their own costs of enforcement and/or defense (including but not limited to attorney's fees), including those matters resolved pursuant to a settlement agreement between the parties. However, if any such case is summarily disposed of in an arbitration or litigation proceeding for lack of merit (such as by summary judgment or award, judgment on the pleadings, judgment n.o.v., non-suit, motion to dismiss, directed verdict or similar disposition in arbitration or court), the party bringing such case shall pay for the other party's costs of enforcement and/or defense (including, but not limited to, attorney's fees.)

24.2 Binding Effect, Modification. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both you and our Chief Executive Officer ~~or our Executive Vice President of Franchise Sales~~. However, you and we understand and agree that changes to the Manuals made in accordance with this Agreement are binding and do not require any

acceptance by you, written or otherwise, to be effective and enforceable. No other officer, field representative, salesperson or other person has the right or authority to modify this Agreement, or to make any representations or agreements on our behalf, and any such modifications, representations and/or agreements shall not be binding.

24.3 Our Exercise of "Business Judgment" and/or Meaning of "Sole Discretion"; Express Agreement.

A. When we use the phrases "sole and absolute discretion", "sole discretion" and/or "Business Judgment", whether in this Agreement or elsewhere, and whenever we exercise a right, prescribe or forbid an act or thing, or otherwise make a choice or use discretion, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions as we deem appropriate, except that we will not act arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider or defer to your individual interests or the interests of any other particular franchisee(s). The ultimate decision-making responsibility with respect to the System must be vested in us, since you, we and all other franchisees have a collective interest in working within a franchise system with the unrestricted flexibility to quickly adjust to changing business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. We have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

B. You and we execute this Agreement in the belief that it is the basis for a long-term business relationship and should be enforced according to its express provisions. Neither you nor we have any expectation, nor is it your or our intention or desire, that the rights and obligations set out herein will be defined or determined to be other than as expressly written, or that additional or different obligations be imposed on you or us by any court, arbitrator or otherwise which you or we have not expressly agreed to in writing. It would be contrary to your and our mutual intentions and expectations that any court, arbitrator or otherwise use any doctrine and/or rule of interpretation (such as an "implied covenant of good faith and fair dealing") to impose additional or different obligations on you or us.

24.4 Construction, etc.

A. Section and Article headings are for convenience only and do not define, limit, or construe such provisions.

B. References to a "controlling interest" are to a shareholder, membership or partnership interest, as applicable, which enables the holder(s) of such interest to determine the outcome of a decision making process for the applicable entity.

C. This Agreement will be executed in multiple copies, each of which will be deemed an original.

D. Each of us have carefully reviewed and thought about each provision of this Agreement. Therefore, you and we agree that it should be deemed to have been drafted equally and that no presumptions or inferences concerning terms or interpretation will result because we initially prepared this Agreement.

24.5 Non-Retention of Funds. Neither party has the right to offset or withhold payments or performance of any kind owed or to be owed to us against amounts purportedly due you from us as a result of any dispute of any nature or otherwise, except as authorized by an arbitration award.

24.6 Severability; Substitution of Valid Provisions. Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution). Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement. To the extent that any provision of this Agreement, or any specification, standard or operating procedure prescribed by us, is invalid or unenforceable, you and we agree that such provisions will be modified or enforced to the fullest extent permissible under, and to be compliant with, governing law. This Agreement will be deemed automatically modified to comply with governing law if such law requires: i) a greater time period for notice of the Termination of, or refusal to renew, this Agreement; or ii) the taking of some other action not described in this Agreement. Such modifications to this Agreement shall be effective only in such jurisdiction. You and we agree that the unenforceability of any provision of this Agreement will not affect the remainder of this Agreement. If any limitation on your and/or our rights (including, but not limited to, any limitation on damages, waiver of jury trial, shortened period in which to make any claim or otherwise) is held unenforceable with respect to one party, then such limitation will not apply to the other party.

24.7 Waivers; Cumulative Rights. Subject to the provisions of Section 23.5, no waiver by either party of any breach, default or unfulfilled condition under this or any other agreement between the parties shall be deemed a waiver of any subsequent or other breach, default or unfulfilled condition. No waiver shall be effective unless in writing and signed by an authorized representative of the signing party. The rights and remedies provided in this Agreement are cumulative. Except as expressly provided in this Agreement, no party will be prohibited from exercising any rights or remedies provided under this Agreement or permitted under law or equity.

24.8 Choice of Laws. You and we agree on the practical business importance of certainty as to the law applicable to your and our relationship and its possible effect on the development and competitive position of the System. Therefore, you and we also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning you and us, will be governed by, and construed and enforced in accordance with, the laws of the state where the largest geographic portion of your Protected Area is located. You and we agree that this provision shall be enforced without regard to the laws of such state relating to conflicts of laws or choice of law; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall not apply unless such state's jurisdictional, definitional and other requirements are met independently of, and without reference to this Section.

24.9 Application of Agreement to Parties and Others; Joint and Several Liability.

A. The rights and obligations of this Agreement run directly between you and us and are not intended to create any third-party beneficiary or similar rights or obligations unless specifically expressed in this Agreement; except that the protections which apply to us relating to indemnification and/or releases shall also apply to any past, current and/or future Franchisor-Related Persons/Entities as if they were expressly named beneficiaries thereof.

B. We have the right to elect in our Business Judgment to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to you and/or any other franchisee or other person, in a lawful manner without liability.

C. If two or more persons are at any time the Franchisee or the Franchisee owners, all of their obligations and liabilities under this or any other agreement with us and/or any Franchisor-Related Persons/Entities will be joint and several.

24.10 Fundamental Business Intention to Mediate and/or Arbitrate, Severability of Dispute Resolution Provisions, Federal Arbitration Act Governs, etc. Irrespective of any statute, regulation, decisional law or otherwise, it is your and our fundamental agreement and intention that you and we do not wish to engage in any court proceedings (except as expressly provided for in the rare instances specified in this Agreement), viewing the dispute resolution mechanism established by this Agreement (including, particularly, mediation and binding arbitration) to be superior from a business standpoint, less expensive, faster, more confidential, more likely to generate creative business-oriented solutions and compromise, and more accommodating to our business relationship and the needs of an evolving and diverse franchise system. Therefore, if any provisions of this Agreement (including, without limitation, any remaining portions of Articles 23, 24 and/or 25) are deemed by a court to be unenforceable for any reason, you and we agree and intend that such provisions will be (a) modified so as to be enforceable or (b), if that cannot be done, severed and, in any event, the remaining portions of this Agreement (including, without limitation, the portions of Articles 23, 24 and/or 25) shall remain in full force and effect. You and we agree that such remaining portions will still form an appropriate and complete dispute resolution mechanism. It is your and our mutual intention that any court or arbitrator shall be required to make such modifications or severances to effectuate this provision. You and we acknowledge that your and our activities relating to the franchise relationship are in interstate commerce and that this Agreement is governed by the Federal Arbitration Act.

25. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.

A. You and we agree that your and our relationship is not a fiduciary, agency or similar special relationship, but rather an ordinary commercial relationship between independent business people with arms-length dealings.

B. You acknowledge that you (and each of your owners if you are a business entity) have been advised to have this Agreement and all other documents reviewed by your own attorney, and that you have read understood, had an opportunity to discuss and agreed to each provision of this Agreement. You agree you have been under no compulsion to sign this Agreement.

C. You and we expressly acknowledge and agree that the provisions of Articles 23 and 24, above, (whether relating to arbitration, mediation, waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff-class actions, shortened statutes of limitation, and/or otherwise) may require you to travel to a distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with both large and small, sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and

limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.

D. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement (along with concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents (collectively, the Related Documents)) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights-of-first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this franchise). Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement.

E. You specifically acknowledge that you have not received or relied on (nor have we or anyone else provided) any statements, promises or representations that you will succeed in the Franchise Business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your initial franchise fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement.

F. You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

G. You acknowledge that you have not received or relied on (nor have we or anyone else provided, except as may have been contained in the Uniform Franchise Offering Circular received by you):

- 1) any sales, income or other projections of any kind or nature; or
- 2) any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or
- 3) any representations as to any profits you may realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us of the delivery of any such information. You must not rely upon any such information, nor shall we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of you or any franchisee. We are unable to reliably predict the performance of any Aussie Pet Mobile Franchise Businesses even those operated by us, and certainly cannot predict results for any of your Aussie Pet Mobile Franchise Businesses.

H. You acknowledge and agree that the success of the business venture contemplated to be undertaken by you is speculative and will be dependent on your personal efforts, and success is not

guaranteed. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with your Uniform Franchise Offering Circular of others currently operating, or who have operated, our franchises.

I. You acknowledge that you (and each of your owners) has received, fully read and understood, and all questions have been answered regarding, i) a copy of our Uniform Franchise Offering Circular with all exhibits at least ten (10) business days prior to signing any binding documents or paying any sums (whichever occurred first), and ii) a copy of this Agreement and all other agreements complete and in form ready to sign at least five (5) business days prior to signing any binding documents or paying any sums (whichever occurred first).

J. You understand, acknowledge and agree that (1) we may have offered franchises in the past, may currently be offering franchises and/or may offer franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (2) there may be instances where we have varied, or will vary, the terms on which we offer franchises, the charges we (and/or our Affiliates) make or otherwise deal with our Franchisees to suit the circumstances of a particular transaction, the particular circumstances of that Franchisee or otherwise, in each case in our Business Judgment.

K. You understand that we are relying on you to bring forward in writing at this time any matters inconsistent with the representations contained in this Article 25. You agree that if any of the statements or matters set forth in this Article 25 are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we can address and resolve any such issue(s) at this time.

L. You acknowledge and agree that the officers, directors, employees, and agents of the Franchisor act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than the Franchisor has or will have any duties or obligations to you.

26. NOTICES AND PAYMENTS

All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at Aussie Pet Mobile, Inc., 34189 Pacific Coast Highway, Dana Point, California 92629 (or our then-current headquarters), to the attention of the Chief Executive Officer, and to you at the most recent address provided to us by you. Until your first Aussie Pet Mobile® Franchise Business has opened for business, we may send you notices at any address appearing in your application for a franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee (if a business entity), shall be deemed effective as to all Franchisees and owners of the Franchisee. Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in _____ counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE FRANCHISOR'S CHIEF EXECUTIVE OFFICER OR EXECUTIVE VICE PRESIDENT OF FRANCHISE SALES.

AGREED:

AUSSIE PET MOBILE, INC., a California corporation

By _____
Signature

Title Chief Executive Officer

FRANCHISEE (Individuals)

Signature

Signature

Printed Name

Printed Name

FRANCHISEE (Corp., LLC, or Partnership)

Legal Name of Business Entity

a _____
Jurisdiction of Formation Corporation, LLC, or Partnership

By: _____
Signature

Title: _____

GUARANTORS OF THE FRANCHISEE'S OBLIGATIONS:

Signature

Signature

Printed Name

Printed Name

FIRST SCHEDULE

"PROTECTED AREA"
BRONZE PROGRAM

The "Protected Area" for Bronze Program Participants is as follows:

Note: Zip Codes include only the area within the zip code and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the zip code, street or highway or otherwise, and no matter how close to such zip code a facility may be, regardless of the distance from, impact on, or vicinity of, any Aussie Pet Mobile® Businesses, other outlets or otherwise in any area or market.

**SECOND SCHEDULE
DEVELOPMENT SCHEDULE FOR SILVER, GOLD AND PLATINUM PROGRAMS**

| Franchise Business Number | Protected Areas ⁽¹⁾ (Zip Codes) | Required Dates for Delivery and Opening of Unit ⁽²⁾ |
|--|---|--|
| <i>APM Silver Program™ (Franchise Businesses 1 - 2)</i> | | |
| 1 | _____ | Upon delivery of the Customized Vehicle for Franchise Business #1. |
| 2 | _____ | Within 6 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |
| <i>APM Gold Program™ (Franchise Businesses 1 - 3)</i> | | |
| 1 | _____ | Upon delivery of the Customized Vehicle for Franchise Business #1. |
| 2 | _____ | Within 6 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |
| 3 | _____ | Within 12 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |
| <i>APM Platinum Program™ (Franchise Businesses 4 - 6)</i> | | |
| 4 | _____ | Within 18 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |
| 5 | _____ | Within 24 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |
| 6 | _____ | Within 30 months from delivery of the Customized Vehicle for Franchise Business #1. ⁽³⁾ |

⁽¹⁾ Each Protected Area (which can consist of several zip codes) listed on this Schedule corresponds to a single Franchise Business.

⁽²⁾ You will pay us the Designated Equipment Package Fee(s) as indicated in Section 5.4 of this Franchise Agreement, which fees are fully earned by us and non-refundable upon payment.

⁽³⁾ Section 5.5 of the Franchise Agreement requires that you place the Customized Vehicle for each Franchise Business for which you have paid into operation within 15 business days from delivery.

Initials _____

THIRD SCHEDULE
"GENERAL RELEASING LANGUAGE"

Current Form
(subject to change)

Release-General Provisions. The Franchisee(s), together with any owner of the Franchise Business(es) (if the Franchisee(s) are or become a business entity), and/or any Affiliate of any of the foregoing, each of the foregoing being referred to, collectively and individually, as the "Releasing Parties", hereby jointly and severally release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **known or unknown**, fixed or contingent, past or present, that the Releasing Parties (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), **it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims by any of the Releasing Parties against any of the Franchisor-Related Persons/Entities are hereby forever cancelled and forgiven.**

THE RELEASING PARTIES ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

THE RELEASING PARTIES, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF RELEASING PARTIES' RESIDENCE AND LOCATION OF FRANCHISED BUSINESSES.

The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Releasing Parties, and it is the Releasing Parties intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties independent judgment, believe necessary or appropriate. The Releasing Parties have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or

otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

No Assignment or Transfer of Interest. The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Releasing Parties agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any voluntary, involuntary or other assignment or transfer, or any rights or claims under such assignment or transfer. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Releasing Parties under this indemnity.

Attorneys Fees. If the Releasing Parties, or anyone acting for, or on behalf of, the Releasing Parties or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Releasing Parties agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

"Franchisor-Related Persons/Entities." Aussie Pet Mobile, Inc., Aussie Pet Mobile International, Inc., each Aussie Pet Mobile® marketing and/or advertising fund, each FAC, FMG (and their members) and each and all of the following, whether past, current and/or future: Each and all company(ies) and/or person(s) acting through, in concert, affiliated and/or associated in any way with, any of the foregoing, each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of any of the foregoing (including, but not limited to, Ian W. Moses and/or Vivienne McIntosh), as well as each and all of the successors and/or assigns of any of the foregoing.

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of both the date hereof and the date of any transaction in which they are to be issued. The liabilities and obligations of each of the Releasing Parties (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) shall be joint and several.

FOURTH SCHEDULE

AUSSIE PET MOBILE® DESIGNATED EQUIPMENT PACKAGE
PARTS AND LABOR

Proprietary Heated Hydrobath and Bathing System with Stainless Surround ("Hydrobath")
Water Tank System
Waste Tank System
Water Heater
GFI Supported Electrical System
Charger Inverter Combination System
Commercial Grade Batteries
Plumbing System
Hydraulic Grooming Table
Grooming Equipment including Clipper Vac and Dryer
Uniforms
Signwriting
Labor for above

**TOTAL FOR AUSSIE PET MOBILE®
DESIGNATED EQUIPMENT PACKAGE:** **\$25,000**
(plus applicable sales tax and shipping)

FIFTH SCHEDULE
AUSSIE PET MOBILE®
ADDENDUM TO FRANCHISE AGREEMENT
LEVEL 2 TRAINER SERVICES

Date: _____

Franchisor: Aussie Pet Mobile, Inc., a California corporation

("Franchisee," "you" or "your")

Address: _____

Phone: _____

(In this Addendum we refer to Aussie Pet Mobile, Inc., a California corporation, as the "Franchisor," "we," "us" or "our.")

Business Background

A. You have been awarded (or are being awarded) the specified number of Aussie Pet Mobile® Franchise Businesses under a Franchise Agreement with us commencing on _____ (the "Franchise Agreement.")

B. As a result of discussions between you and us, we each have a mutual desire for you, acting as an independent contractor, to act as a Level 2 Trainer on our behalf under the terms of this Addendum.

C. In consideration of your providing such Level 2 Trainer services, we will compensate you for those services in accordance with this Addendum.

Main Agreements

1. **This Addendum.** This Addendum modifies, in the limited respects set forth herein only, and controls over any conflicting provisions of, the Franchise Agreement. Terms not defined in this Addendum have the same meanings as in the Franchise Agreement.

2. **Responsibility and Compensation.** We hereby appoint you as our Level 2 Trainer.

a. Your duties will include the following:

- You will employ a qualified trainer who will in turn provide "hands-on" training. "Hands-on" training will involve ride-along instruction in a Customized Vehicle with one trainee at a time.
- We will provide you with guidelines, curricula, operating standards, training, servicing and operating schedules for training services.

- You agree that you will accept all training days assigned, and perform all related training functions assignments given to you, excepting only illness, family emergencies and our normal holidays.
- b. As compensation for your services under this Addendum, you will receive the following:
- Compensation for "hands-on" training for eligible employees will be at the rate of \$100 per day per trainee.
 - We will pay you within fifteen (15) days of invoice for such services.
3. **Termination.** We can terminate all of your rights, and all of our obligations under this Addendum on 30 day's prior written notice. On any termination by us, you will execute a General Release. You can terminate your position as a Level 2 Trainer at any time, on 30 day's prior written notice.
4. **Assignment.** This Addendum, and any and/or all of our rights and/or obligations under it, are fully transferable by us in our Business Judgment and will inure to the benefit of any person or entity to whom we transfer it, or to any other legal successor to our interest in this Addendum. If we transfer this Addendum, or any and/or all of our rights and/or obligations under it, all past, current and future obligations of ours under this Addendum to you will cease and be forever extinguished. Since your services are personal in nature, and we've entered into this Addendum based on your personal management qualities to procure qualified trainers, you cannot assign any of your rights, or transfer any of your obligations, under this Addendum.
5. **Independent Contractor Status.** You and we agree that you are an independent contractor performing certain services as an adjunct to your operation of your Aussie Pet Mobile® Franchise Businesses and are not an employee of ours. You will, at our request, obtain, an employer identification number from the Internal Revenue Service and comply with all tax and other laws applicable to your activities, including (but not limited to) payment of all self-employment taxes, compliance with all withholding requirements and all worker's compensation and other laws. You acknowledge that you will not be treated as an employee of ours for tax or other purposes, you will receive no benefits (such as sick leave, health insurance or otherwise) and you will directly make all required tax and other payments (including withholding, workers compensation, unemployment insurance, etc.), providing us with evidence of such payments.
6. **Indemnification.** You shall hold Aussie Pet Mobile, Inc and each of its respective owners, directors, officers, employees, franchisees, agents, attorneys and accountants harmless from any cost, liability, expense (including attorneys fees and any costs of defense) or otherwise, incurred as a result of or in regard to any actions or failures to act by you, whether in connection with this Addendum, your activities hereunder or otherwise, including any claims by third parties.
7. **Non-Competition, Non-Use and Confidentiality.** You will, of course, comply with each of the non-competition and confidentiality requirements of your Aussie Pet Mobile® Franchise Agreement.
8. **Dispute Avoidance and Resolution, Binding Arbitration, Waiver of Court Trial, Waiver of Punitive Damages, etc.** In the event of any dispute between you (on the one hand) and Aussie Pet

Mobile, Inc. and/or any of its respective owners, directors, officers, employees, franchisees, agents, attorneys and accountants (on the other hand) concerning this Addendum or otherwise, you and Aussie Pet Mobile, Inc. (or other party to such dispute) will first attempt to resolve such dispute through face-to-face discussions. If such discussions do not resolve such dispute, the dispute will be referred to mediation and, if such mediation is not successful, binding arbitration, as provided in your Aussie Pet Mobile® franchise agreement. THE PARTIES EACH WAIVE THEIR RIGHTS TO A COURT TRIAL AND TO PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES. All provisions of Articles 23, 24 and 25 of the current Aussie Pet Mobile® Franchise Agreement are incorporated in this Addendum and shall apply to this Addendum, your and our relationship and any claims between you (on the one hand) and Aussie Pet Mobile, Inc. and/or any of its respective owners, directors, officers, employees, franchisees, agents, attorneys and accountants (on the other hand). If for any reason any part or parts of this Addendum shall be deemed unlawful, at any time, then the remaining portions of this Addendum shall retain their full force and effect notwithstanding.

Franchisor: Aussie Pet Mobile, Inc., a California corporation

by _____

Title

FRANCHISEE (Individuals)

Signature

Signature

Printed Name

Printed Name

FRANCHISEE (Corp., LLC, or Partnership)

Legal Name of Business Entity

a _____
Jurisdiction of Formation Corporation, LLC, or Partnership

By: _____
Signature

Its: _____

SIXTH SCHEDULE
AUSSIE PET MOBILE®
ADDENDUM TO FRANCHISE AGREEMENT
EXECUTIVE ORDER 13224 AND RELATED CERTIFICATIONS

If the Franchisee is an individual or individuals, the Franchisee certifies that he/she/they are not, nor to my/our best knowledge have I/us been designated, a terrorist and/or a suspected terrorist, nor am I/us associated and/or affiliated in any way with any terrorist and/or suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

If the Franchisee is a company, the person(s) signing on behalf of the Franchisee certify(ies) that, to the Franchisee's and such person's best knowledge, neither the Franchisee, such person, and/or any owners, officers, board members, similar individuals and/or affiliates/associates of the Franchisee have been designated, a terrorist and/or a suspected terrorist, nor is the Franchisee or any such persons and/or affiliates/associates owned, controlled, associated and/or affiliated in any way with any terrorist and/or a suspected terrorist person and/or organization, as defined in U.S. Executive Order 13224 and/or otherwise.

Franchisee agrees to fully comply and/or assist Franchisor in its compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations, including properly performing any currency reporting and other obligations, whether relating to the Franchise or otherwise, and/or required under applicable law. The indemnification responsibilities provided in the Franchise Agreement cover the Franchisee's obligations hereunder.

FRANCHISEE

By: _____

Printed Name: _____

Title: _____

Date: _____

SEVENTH SCHEDULE
AUSSIE PET MOBILE® ADDENDUM TO FRANCHISE AGREEMENT
(CALIFORNIA)

The following is an Addendum dated _____ to the Franchise Agreement (the "Franchise Agreement") dated _____ between Aussie Pet Mobile, Inc. ("Franchisor") and _____ ("Franchisee"). Franchisor and Franchisee agree as follows:

1. Change of Marks/Designs. Section 17.6 of the Franchise Agreement is modified to read as follows:

If it becomes advisable at any time, in our Business Judgment, for you to modify or discontinue the use of any of the Marks or use one or more additional or substitute trademarks or service marks, you will promptly comply (at your and our joint expense) with our directions in such regard, including (but not limited to) replacement of all signage, etc. We will not have any liability or obligation (whether of defense, indemnity, expense reimbursement or otherwise) to you or anyone else, and you agree to make no claim, for, or in connection with, any modification, discontinuance or otherwise, and/or any dispute regarding the Marks and/or your and/or our rights in or to them, excepting only claims directly based on a violation of the California Franchise Investment Law. We make no guaranty that a modification, discontinuance or otherwise may not be required, whether as a result of expiration, termination or limitation of our rights to the Marks or otherwise. You understand that there is always a possibility that there might be one or more businesses operating in or near the area(s) where you may do business or otherwise, using a name and/or marks similar to ours and with superior rights to such name and/or marks as a result of prior use or otherwise. We strongly urge you to research this possibility, using telephone directories, local filings and other means, prior to your signing any documents, expending or paying any sums or making any commitments and you understand that if you fail to do so, you're at risk.

2. The following statement is added to the end of Section 25 of the Franchise Agreement:

You do not waive compliance with the California Franchise Investment Law or any rule or order under it with respect to the Franchisor or any director, officer or other individual.

3. All other terms and conditions of the Franchise Agreement shall remain in full force and effect.

AUSSIE PET MOBILE, INC.

by _____
Signature

Title

FRANCHISEE (Individuals)

Signature

Signature

Printed Name

Printed Name

FRANCHISEE (Corp., LLC, LLP, sole proprietorship or Partnership)

Legal Name of Franchisee Entity

a _____
Jurisdiction of Formation Corporation, Proprietorship, LLC, LLP or Partnership

By: _____
Signature

Title: _____

GUARANTORS:

Signature

Signature

Printed Name

Printed Name

EIGHTH SCHEDULE
AUSSIE PET MOBILE®

OWNER'S GUARANTY AND ASSUMPTION OF
BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution by Aussie Pet Mobile, Inc., a California corporation, ("Franchisor") of a franchise agreement of even date herewith (the "Agreement") between Franchisor and _____, a(n) _____ (state/province of formation) _____ (type of entity: LLC, LLP, corporation, etc.) (the "Business Entity Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally:

1) guarantees to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and the Marketing Fund (as such terms are defined in the Agreement) and each of their successors and assigns, for the Term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity and Post Termination Provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

3) agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity Franchisee to Franchisor, its Affiliates, the Franchisor-Related Persons/Entities and/or the Marketing Fund, and each of their successors and assigns.

The undersigned intending that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor, and/or its Affiliates, the Franchisor-Related Persons/Entities and/or the Marketing Fund, and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- 1) his or her direct and immediate liability under this guaranty will be joint and several;
- 2) he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;
- 3) such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;
- 4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time to time grant to the Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the Term of the Agreement and any renewal/successor franchise term;
- 5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;
- 6) terms not defined in this document will have the meanings assigned in the Agreement; and
- 7) the provisions of Articles 2 and 24 through 26 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and will apply to any dispute involving the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities, the Marketing Fund and/or the FAC and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor, its Affiliates, the Franchisor-Related Persons/Entities, the Marketing Fund and/or the FAC and each of their successors and assigns.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

| GUARANTOR(S) | PERCENTAGE OF OWNERSHIP OF BUSINESS ENTITY FRANCHISEE |
|--------------|--|
| _____ | _____ % |
| _____ | _____ % |
| _____ | _____ % |
| _____ | _____ % |

Business Entity Franchisee:

_____, a _____ corporation.

By _____

Its _____

Franchise Agreement Number: _____

Your Initials: _____ / _____