
FRANCHISE DISCLOSURE DOCUMENT



LICE LIFTERS FRANCHISING LLC

(A Pennsylvania Limited Liability Company)

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www.LiceLifters.com

The franchise being offered is to establish and operate a Lice Lifters® lice treatment center. Lice Lifters® franchises are lice removal treatment centers that offer lice detection and removal services, and Lice Lifters™ Branded Products, which assist with, or otherwise relate to, the removal and treatment of lice, and other products and services that the franchisor designates, all under the trade name “Lice Lifters®.”

The total investment necessary to begin operation of a Lice Lifters® treatment center ranges from \$68,087 to \$80,384. This includes an initial franchise fee of \$35,000 and \$5,087.00 in inventory purchases (for a total of \$40,087) that must be paid to us or our affiliate.

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

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

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

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

Issuance Date: April 2, 2024

How To Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks To Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration and litigation only in Pennsylvania. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes it may also cost you more to arbitrate and litigate with us in Pennsylvania than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financials statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE
MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

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

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

- iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and
- iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer;

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other Items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attention: Franchise Section
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite section (f) above, we intend, and we and you agree to fully and enforce, the arbitration provisions of the Franchise Agreement. We believe that section (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

LICE LIFTERS FRANCHISING, LLC
Franchise Disclosure Document

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APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES AND RIDERS, IF ANY, APPEAR IN EXHIBIT G.

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language of this disclosure document, “we,” “us,” or “our” refers to Lice Lifters Franchising, LLC, the franchisor. “You,” “your,” or “Franchisee,” refers to the franchisee who enters into a Lice Lifters® franchise agreement. The franchisee may be a person, corporation, partnership or limited liability company. If the franchisee is a corporation, partnership, limited liability company, or other entity, “you,” “your,” and “Franchisee” do not include the principals of the corporation, partnership, limited liability company, or other entity.

The Franchisor

We were organized as a limited liability company in the Commonwealth of Pennsylvania on February 17, 2011. Our principal place of business is 280 Gossett Road, Spartanburg, South Carolina 29307 and our telephone number is (484) 368-3383. We do business under the name “Lice Lifters®” and under no other names. Lice Lifters® is registered on the Principal Register of the United States Patent and Trademark Office, and the associated logos and designs (these names and logos will be referred to as the “Marks”). We do not own or operate any businesses of the type you will be operating. We have offered franchises in the line of business disclosed in this Disclosure Document since 2011 and we have not offered franchises in any other line of business. We only offer franchises which operate under the “Lice Lifters®” Marks.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor company.

We have an affiliated company, Lice Lifters LLC, a Pennsylvania limited liability company. Lice Lifters LLC’s maintains its principal place of business at 280 Gossett Road, Spartanburg, South Carolina 29307. Lice Lifters LLC has been operating at least one treatment center under the Marks since 2010 and may operate additional treatment centers in the future. Lice Lifters LLC owns and operates one business which is substantially similar to the franchise offered in this disclosure document. Lice Lifters LLC does not and has not offered franchises in this or in any other lines of business previously. Lice Lifters LLC is the owner of the franchised Marks and has exclusively licensed use of the Marks to us. Lice Lifters LLC will supply you with certain products that you are required to sell at your Franchised Business (as hereinafter defined). Item 8 contains more information regarding designated suppliers.

Description of the Franchised Business

Generally. If you are approved by us to be a franchisee, we will grant you the right to establish and operate a Lice Lifters® treatment center, which is a lice removal treatment center that offers lice detection and removal services, and offers for sale Lice Lifters™ Branded Products, which assist with, or otherwise relate to, the removal and treatment of lice, and other products and services that we designate, under the trade name “Lice Lifters®” (the “Business,” “Franchised Business,” “Lice Lifters® Treatment Center” or “Treatment Center”).

The Lice Lifters® System. The Franchised Business will operate under the Lice Lifters® system, which includes distinctive exterior signage, decor, graphics displays, fixtures, and furnishings; uniform standards and specifications; training and assistance; and marketing and promotional materials; all of which may be changed, improved and further developed by us (the “System”). The Franchised Business will be

operated under the trade name “Lice Lifters®.” In order to become a Lice Lifters® franchisee, you will be required to operate your Treatment Center in accordance with our standards and specifications, and you will be required to sign a Lice Lifters® Franchise Agreement (“Franchise Agreement”).

The Franchised Business will be operated in accordance with our confidential business operations manual (the “Manual”), a copy of which will be loaned to you. You will also be provided with the right to use certain trademarks, trade names, trade dress, service marks, logos, emblems, and indicia of origin, including “Lice Lifters®,” and other marks we specify from time-to-time (the “Proprietary Marks”), in connection with the System.

Lice Lifters™ Branded Products. We sell proprietary lice removal products (including, but not limited to, lice treatment solutions, lice prevention sprays and mousses, and lice combs) under the trade name “Lice Lifters™” (“Lice Lifters™ Branded Products,”), and all franchisees under the System must offer and sell Lice Lifters™ Branded Products, to their customers. Item 8 contains more information regarding your obligations regarding Lice Lifters™ Branded Products.

Market and Competition. The market for lice removal products and services is developed. The Franchised Business will compete with other businesses that offer and sell lice removal products and services, including independent businesses, and other lice removal centers. Your ability to compete will depend upon numerous factors, including, but not limited to, consumer preferences, demographics, local economic conditions, as well as your own operational skills. Some of these factors may be beyond the control of either you or us.

Industry Specific Laws and Regulations. Many states and local jurisdictions have laws, rules, and regulations that may apply to the Franchised Business, including rules and regulations related to health and safety requirements concerning mold removal and testing, crime and death cleanup, hoarding cleanup and water damage mitigation. You must evaluate and you must obtain the necessary franchises, certification, permits and approval necessary to establish and operate the Franchised Business. Among other things, you will be required to be compliant with the Hazardous Waste Operations and Emergency Response Standards mandated by the Occupational Safety and Health Administration and other specialized certifications, franchises and requirements related to testing, mitigation and cleanup services involving blood borne pathogens, for bio recovery, mold remediation and other laws and regulations related to biohazards. You must investigate all of these laws. You must check your state, county and local jurisdiction about these rules and regulations and you should consult with your own legal advisor.

You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of the Franchised Business.

ITEM 2

BUSINESS EXPERIENCE

Michele Barrack: President and Chief Operating Officer

Ms. Barrack has served as President and Chief Operating Officer since our inception in February 2011. She has also served as President and Chief Operating Officer of Lice Lifters LLC since January 2010. Since 2001, Ms. Barrack has been co-owner of Barrack’s Corp. Fitness in Plymouth Meeting, Pennsylvania

from January 2000 to August 2010. From January 2010 to August 2010, Ms. Barrack operated an independent lice removal business in Plymouth Meeting, Pennsylvania.

ITEM 3

LITIGATION

Lice Lifters Franchising, LLC v. Lice Lifters of Harrisburg, LLC and Latoya Wright, AAA Case No. 01-17-0002-9099. This matter was originally filed by Lice Lifters against Lice Lifters of Harrisburg, LLC and Latoya Wright (the “Harrisburg Defendants”) on April 20, 2017, in the United States District Court for the Eastern District of Pennsylvania under Civil Action No. 2:17-cv-01805-MSG (the “District Court Action”), alleging violations of the in-term and post-termination restrictive covenants contained in their Lice Lifters Franchise Agreement (which then expired on April 21, 2017), and trademark and trade dress infringement through the operation of an independent lice removal business using the proprietary and confidential business information and client lists belonging to Lice Lifters. Simultaneously, Lice Lifters sought a temporary restraining order, preliminary injunction, and permanent injunction to prevent the Harrisburg Defendants from violating their in-term and post-termination restrictive covenants not to compete. On April 21, 2017, the District Court entered a temporary restraining order, in favor of Lice Lifters, barring the Harrisburg Defendants from violating the in-term and post-termination non-competition provisions in their Lice Lifters Franchise Agreement. Subsequently, on April 28, 2017, the District Court entered a preliminary injunction, in favor of Lice Lifters, barring the Harrisburg Defendants from violating the post-termination non-competition provisions in their Lice Lifters Franchise Agreement. The District Court then compelled arbitration of Lice Lifters’ request for a permanent injunction. On May 24, 2017, Lice Lifters filed an arbitration action with the American Arbitration Association seeking monetary damages and a permanent injunction. On September 29, 2017, the arbitrator granted Lice Lifters’ permanent injunction application, barring the Harrisburg Defendants from violating the post-termination non-competition provisions in their Lice Lifters Franchise Agreement, for one (1) year from the date of the arbitrator’s Order. Thereafter, on October 27, 2017, the arbitrator granted Lice Lifters’ request for fees and costs, awarding Lice Lifters a total of \$61,520.80. On November 16, 2017, the District Court confirmed the arbitrator’s orders and entered Judgment in favor of Lice Lifters, and against the Harrisburg Defendants, awarding Lice Lifters \$61,520.80 and barring the Harrisburg Defendants from violating their post-termination non-competition through September 28, 2018.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay to us a non-refundable initial franchise fee of \$35,000 for a single Treatment Center to be operated under an individual Franchise Agreement. You must pay the first installment of \$17,500 when you sign the Franchise Agreement and pay the second installment of \$17,500 by the earlier of thirty

(30) days after signing the Franchise Agreement or the date the Franchised Business opens. This fee is non-refundable.

Opening Inventory

Before the Franchised Business opens, you must purchase from us an initial inventory of Lice Lifters™ Branded Products, the cost of which is non-refundable:

Product	Opening Inventory Amount	Your Cost
Lice Lifters™ lice solution	20 cases of bottles	\$2,640.00
Lice Lifters™ lice combs	5 cases or 60 combs	\$480.00
Lice Lifters™ mousse	3 cases of bottles	\$396.00
Lice Lifters™ mint spray	6 cases of bottles	\$792.00
Lice Lifters™ lice treatment kits	2 Refill Gallon Mousse Jugs	\$110.00
Lice Lifters™ lice treatment kits	1 Case Wet Brushes	\$39.00
Lice Lifters™ lice treatment kits	100 detangle combs	\$90.00
Lice Lifters™ lice treatment kits	1 case of kits	\$540.00
Total		\$5,087.00

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty ¹	7% of monthly Gross Revenue, with a minimum royalty fee of \$500 per month for the first 12 months after signing the Franchise Agreement, \$750 per month thereafter.	Fifth day of each month	Payable to us. See Note 1.
Local Advertising ²	Minimum of \$1,500 per month	As incurred; monthly	Payable to third-party suppliers. All advertising must be approved by us. See Note 2.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Regional Advertising and Promotional Cooperative ³	Up to 2% of Gross Revenue	Monthly	Currently no fee is charged because no cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all Lice Lifters® Treatment Centers in a designated geographic area, or we may establish a national cooperative comprised of all Treatment Centers. Affiliate- or corporate-owned Treatment Centers will participate in the Cooperatives as if they were franchised Treatment Centers. See Note 3.
On-Site Assistance ⁴	Our out-of-pocket costs	As incurred	Payable to us. See Note 4.
Training Fee ⁵	\$750 for each additional trainee. All travel and other related expenses incurred by all trainees.	Fees for additional or replacement trainees are due before training begins. Travel and related expenses are due as incurred.	Fees for additional or replacement trainees are payable to us. Incidental costs are payable to third-party suppliers. See Note 5.
Inventory Purchases ⁶	Cost of goods purchased	As invoiced	Payable to us or our affiliate. See Note 6.
Interest ⁷	18% interest on overdue payments	As incurred	Payable to us. See Note 7.
Late Fee	10% of the amount due plus interest	As incurred	Due immediately on any delinquent payments.
Inspection/Audit ⁸	Cost of inspection or audit plus interest	As incurred	Payable to us. See Note 9.
Transfer ⁹	\$15,000	Time of Transfer	Payable to us. See Note 10.
Renewal ¹⁰	50% of then-current initial franchise fee	Upon Renewal	Payable to us. See Note 11.
Indemnification ¹¹	Cost of liability	As incurred	See Note 12.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Collection Costs and Attorney's Fees ¹²	Cost of collection and attorney's fees	As incurred	See Note 13.
Supplier Approval ¹³	Cost of inspection and evaluation (\$100-\$5,000)	As incurred	Payable to us. See Note 14.
Liquidated Damages for Termination ¹⁴	\$1000 per day; \$500 per day; and/or average monthly royalty fee for 12 months	As required	Payable to us. See Note 15.

The above table describes other recurring or isolated fees or payments that you must pay to us, or which we impose or collect on behalf of a third-party, in whole or in part. Unless otherwise indicated, all of the fees are uniform, non-refundable and are imposed by, payable to, and collected by us.

NOTES

1. During the term of the Franchise Agreement, you must pay a continuing royalty fee to us in an amount equal to 7% of your Gross Revenue. All royalty fees must be paid monthly by the fifth day of each month based on your Gross Revenue from the preceding month. You must pay us a minimum royalty regardless of the Gross Sales realized by your Treatment Center. During the first twelve months after signing the Franchise Agreement, the minimum monthly royalty will be Five Hundred Dollars (\$500), and thereafter the minimum monthly royalty shall be Seven Hundred Fifty Dollars (\$750). For purposes of calculating this royalty fee, "Gross Revenue" means all revenues generated from sales of all products and services conducted at, from or with respect to the Franchised Business, whether those sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Revenue does not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment or furnishings used in the operation of the Franchised Business, or any sales taxes or other taxes collected from customers and paid directly to the appropriate taxing authority.

2. You must spend at least \$1,500 per month on local marketing, advertising, and promotion, in such manner as directed by us in writing. Franchisees must complete and submit a Lice Lifters Marketing Plan every quarter (Franchise Agreement, Exhibit H).

3. If we establish a regional advertising and promotional cooperative ("Cooperative"), you will be required to become a member of the Cooperative and contribute up to 2% of your Gross Revenue to the Cooperative each month. These contributions to the Cooperative would be credited towards your required local advertising expenditure described above, if any. Franchisor-owned outlets will not have any voting power on any fees imposed by franchisee cooperatives.

4. We will provide 5 to 8 days of on-site, pre-opening and opening supervision and assistance at the Treatment Center, as we determine appropriate, in our sole discretion. You will also be responsible for our actual out-of-pocket costs and expenses incurred by us in connection with all on-site assistance, including the costs of transportation, lodging, and meals. All costs and fees are payable to us upon receipt of invoice.

5. If more than 4 people attend the Initial Training Program, or a person is subsequently employed by you in the position of manager or other position as we determine must, before the assumption of duties, attend and complete the Initial Training Program, then you must pay us the then-current training fee, which

is currently \$750 per person. In addition to these fees, you will be responsible for all other expenses incurred by you or your employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. You must also pay us the then-current training fee for any additional courses, seminars and other training programs that we reasonably require you to attend.

6. During the term of the Franchise Agreement, you must purchase an ongoing inventory of Lice Lifters™ Branded Products, and other products and promotional items as we require in the Manual or otherwise in writing, from us or our affiliate. Subject to any change in writing by the Franchisor, all orders of Lice Lifters Solution should be for five (5) cases or more.

7. If any payment required by the Franchise Agreement is overdue, you must pay us immediately upon demand, in addition to the overdue amount, interest on that amount from the date it was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less. Our entitlement to interest will be in addition to any other remedies we may have. You will not be entitled to set-off any payments required to be made under the Franchise Agreement against any monetary claim you may have against us.

8. If any payment required by the Franchise Agreement is overdue, in addition to interest, you must pay us immediately upon demand, a late fee in the amount of 10% on that amount due until paid. Our entitlement to a late fee will be in addition to any other remedies we may have. You will not be entitled to set-off any payments required to be made under the Franchise Agreement against any monetary claim you may have against us.

9. We have the right at all reasonable times to examine, copy, and/or personally review, at our expense, your books, records, accounts, and tax returns; to remove your books, records, accounts and tax returns for copying; and to have an independent audit made of your books and records. If an inspection or audit reveals that any income or sales have not been reported or have been understated in any report to us, then you must pay us the amount underpaid immediately upon demand, in addition to interest from the date the amount was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less, plus all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs.

10. If there is a transfer under the Franchise Agreement, you must pay to us a transfer fee. However, in the case of a transfer to a corporation or limited liability corporation formed by you for the convenience of ownership, no transfer fee will be required.

11. If you renew your rights under the Franchise Agreement, you must pay to us a renewal fee. All renewal fees must be paid in full at the time signing. Franchisee will also be required to sign a copy of Franchisor's then-current franchise agreement, the terms of which may be materially different than those contained in the Franchise Agreement attached hereto as Exhibit E. The location of the Franchise must meet the Franchisor's minimum standards at the time of renewal.

12. Under the Franchise Agreement, you must indemnify and hold us, and our officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business, as well as the costs, including attorney's fees, of the indemnified party in defending against them.

13. Under the Franchise Agreement, you must pay to us all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorney's fees, and all other expenses we incur in enforcing

any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement, including the obtaining of injunctive relief.

14. If you wish to purchase products from a party other than an approved supplier, you must submit to us a written request to approve the proposed supplier, together-with evidence of conformity with our specifications. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You must pay a charge not to exceed the reasonable cost of the evaluation and testing, which we estimate will be between \$100 and \$5,000.

15. You must pay us a liquidated damages amount of \$1,000 for each day that you use our confidential information or the Proprietary Marks after the termination or expiration of the Franchise Agreement. You must pay us a liquidated damages amount of \$500 for each day that you fail to return to us the Manual and all other confidential documents after the termination or expiration of the Franchise Agreement. In addition, to compensate us for our lost future revenue as a result of the early termination of the Franchise Agreement, you must pay us a liquidated damages amount equal to the average monthly royalty fee owed by you over the 12 month period immediately preceding the date of termination (or such shorter time period if the Treatment Center has been open less than 12 months), multiplied by the lesser of 24 months or the number of months then remaining in the then-current term of the Franchise Agreement. If the

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee ¹	\$35,000	Lump sum	\$17,500 at signing of Franchise Agreement; \$17,500 within 30 days	Us
Initial Rent Outlays ²	\$3,000 – \$4,500	Lump sum	At signing of lease agreement	Landlord
Leasehold Improvements (including Fixtures and Furnishings) ³	\$3,000 – \$4,500	As arranged	Before opening; as incurred	Suppliers
Signage ⁴	\$700 – \$900	As arranged	Before opening	Suppliers
Supplies ⁵	\$800 – \$1,200	As arranged	Before opening	Suppliers
Training Expenses ⁶	\$500 – \$1,000	As arranged	Before opening	Suppliers
Opening Inventory ⁷	\$5,087	As arranged	Before opening	Us

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Computer/Software and Phone Systems ⁸	\$3,000 – \$5,000	As arranged	Before opening; as incurred	Suppliers
Prepaid Insurance Premiums ⁹	\$250 – \$300	As arranged	As incurred	Insurance Broker
Utility Costs & Deposits ¹⁰	\$500 – \$800	As arranged	Before opening; as incurred	Suppliers
Permits & Licenses ¹¹	\$750 – \$1,800	As arranged	As incurred	Government Authorities
Advertising ¹²	\$4,500	As arranged	As incurred	Suppliers
Miscellaneous Opening Expenses ¹³	\$1,000 – \$3,000	As arranged	As incurred	Suppliers / Employees
Additional Funds for 3 months ¹⁴	\$10,000 – \$13,000	As arranged	As incurred	Suppliers / Employees / Others
TOTAL	\$68,087 - \$80,384			

Except as otherwise described in the notes below, the above table provides an estimate of your initial investment for a single, new Lice Lifters® Treatment Center and the costs necessary to begin operation of a Lice Lifters® Treatment Center. All costs are estimates only. Actual costs will vary for each franchisee and each location depending upon a number of factors. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee.

The figures in this Item 7 are based on our experience with our affiliate-owned Lice Lifters® Treatment Center.

NOTES

1. Item 5 contains more information regarding the initial franchise fee for franchisees. Franchisee shall pay to Franchisor an initial franchise fee in the amount of Thirty-Five Thousand Dollars (\$35,000) as follows: (a) Seventeen Thousand Five Hundred Dollars (\$17,500) shall be paid on execution of this Agreement; and (b) Seventeen Thousand Five Hundred Dollars (\$17,500) shall be paid at the earlier of (i) thirty (30) days after execution of this Agreement, or (ii) the opening of the Franchised Business. No interest

2. If you do not already own a site for your Treatment Center, you must lease or acquire a site for your Treatment Center for the term of the Franchise Agreement. In the event that you lease the premises for the Treatment Center, we have provided an estimated cost, which estimate includes three month's rent of between \$1,000 and \$1,500 per month. You may be required to pay an additional amount as a security deposit and for common area maintenance (CAM), taxes, and insurance. The cost of rent and other expenses will vary widely depending on the location of the Treatment Center. We anticipate that the Treatment Center will be freestanding or located in an office building near a high street volume with clear and distinct signage and with adequate parking. We have not provided an estimate of costs incurred for purchasing the premises

for a Treatment Center, as we anticipate you will lease the premises. We estimate the approximate size of the premises and the building for your Treatment Center will be approximately 700 to 1,000 square feet.

3. You must renovate or construct your Treatment Center. This estimate includes costs of renovation, including fixtures and furnishings. This estimate does not include the costs of installing or improving basic plumbing, electricity, and heat or air conditioning systems, which we do not anticipate being necessary to the operation of the Treatment Center. Your actual costs will depend on the condition of the premises when leased and its suitability as a Lice Lifters[®] treatment center. You are responsible for complying with all applicable laws and regulations.

4. The figures in the table reflect the estimated cost of interior and exterior signage as required by our standards, specifications and requirements. The cost of signs depends on the size and location of your Treatment Center, the particular requirements of the landlord, local and state ordinances and zoning requirements.

5. You must purchase office and treatment supplies for the Treatment Center.

6. This estimate includes the expenses of travel (by car), food, and lodging of four people to attend the initial training program before the Treatment Center actually opens. For each additional person, you must also pay us a training fee, which is currently \$750 per person.

7. You must purchase an initial inventory of Lice Lifters[™] Branded Products, and other products and promotional items as we require in the Manual or otherwise in writing, from us or our affiliate. Item 5 contains additional information regarding the required initial inventory.

8. We require you to purchase computer systems and software meeting our minimum specifications for use at your Treatment Center. This estimate includes the costs of purchasing or leasing a credit card processing machine and the current usage fee of \$38 per month, as well as the cost of the software packages, your office computer, and a telephone. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of sales information. We reserve the right to change your requirements for computer hardware and software at any time in the future.

9. Before you open your Franchised Business, you must purchase the insurance coverage required by the Franchise Agreement. The cost of the business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions. We anticipate that you will be required to pay your insurance carrier or agent 25% of an annual premium in advance. The estimate provided in the table is for 25% of an annual premium covering general liability and worker's compensation.

10. This estimate includes the costs of Internet, gas, electricity, telephone and water services that you will need to operate your Treatment Center for approximately the first three months of operation.

11. Before the opening of your Treatment Center, you must obtain all necessary permits and licenses. The above estimate includes architectural fees, building permits, certificates of occupancy and certificates of health.

12. You must spend at least \$1,500 per month on local marketing, advertising, and promotion, in such manner as directed by us in writing. This estimate includes the minimum costs of local advertising for the first three months.

13. This category includes recruiting, staff training, office supplies, legal fees, accountant's fees, marketing materials, business cards, and other expenses typically incurred to begin the operation of any business. These expenses will vary depending on the type of space you choose and your decisions about how to equip your Treatment Center within the standards specified by us.

14. The need for additional funds varies depending on a variety of factors. We estimate the additional monies described in the table will be necessary during the first 3 months of the operation of your Treatment Center. We base this estimate on the experience of our principals with our affiliate-owned treatment center. During the first 3 months of operation, controllable expenses, such as labor and direct operating costs, are typically above average for a treatment center due to the need for additional staff training and overstaffing to ensure exceptional service. The actual amount of additional funds you will need will depend on a variety of factors, such as the number of paid employees you hire and their rate of pay, your own management and operational skill, economic conditions and competition.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate the Treatment Center in strict conformity with the methods, standards, and specifications as we may prescribe in the Manual or otherwise in writing; and you must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Manual, and you must comply with each new or changed standard and specification. You must at all times ensure that your copies of the Manual are kept current and up to date.

You must maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and use at all times, only such products acquired from us or suppliers we designate or approve, and such other products, materials, supplies, paper goods, cleaning products, fixtures, furnishings, equipment, and signs as conform with our standards and specifications, and refrain from deviating from those standards and specifications by the use of nonconforming items, without our prior written consent.

You must sell or offer for sale only such products and services as we have expressly approved for sale in writing; sell or offer for sale all types of products and services we specify; refrain from any deviation from our standards and specifications without our prior written consent; discontinue selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time; and refrain from selling or advertising any other products or services on the Internet without our prior, written approval.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including treatment stations, facsimile machine, telephone(s), computer, printer, and cash register or point-of-sale recording system), décor, and signs products as we may reasonably direct; and refrain from installing or permitting to be installed on or about the premises of your Treatment Center, without our prior written consent, any fixtures, furnishings, equipment, decor, signs or other items not previously approved as meeting our standards and specifications.

All products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all products, supplies, and materials offered for sale at the Franchised Business for which we have established standards or specifications solely from us, our affiliate, or suppliers (including distributors and other sources) designated by us that demonstrate to our continuing reasonable satisfaction, the ability to meet our

standards and specifications, who possess adequate quality controls and capacity to supply your and other franchisees' needs promptly and reliably, and who we have approved in the Manual or otherwise in writing. These suppliers do not make payment to us because of transactions with you and other franchises. We retain the right to require you to purchase any approved products, equipment, and merchandise solely from us or our affiliate.

All products sold or offered for sale at the Franchised Business, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Franchised Business, must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all supplies, materials, and other products and equipment used or offered for sale at the Franchised Business for which we have established standards or specifications, solely from us, our affiliates, and other suppliers (including distributors and other sources) designated by us that demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by us. We have the right to require you to purchase any or all approved products, equipment, and merchandise solely from us or our affiliate.

Except for Lice Lifters[™] Branded Products, which must be purchased from us or our affiliate, if you desire to purchase products from a supplier other than an approved supplier, you must submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We will have the right, at your expense, to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility we designate. The typical expense to you will be \$100 to \$1,000. We will, within 30 days after our receipt of your completed request and completion of such evaluation and testing (if we require), notify you in writing of our approval or disapproval of the proposed supplier. You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier. Except as disclosed herein, none of our officers owns an interest in any of our approved suppliers.

You must immediately notify us if an approved supplier substitutes an unapproved product in place of an approved product. We grant and revoke approval of suppliers based on their ability to meet our standards, specifications, and requirements and their ability to support our financial and operational requirements. We reserve the right to inspect supplier facilities, review their financial records, and obtain complete listings of all products being supplied to Lice Lifters[®] Treatment Centers.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We are not required to issue our specifications and standards to franchisees or approved suppliers, nor our criteria for supplier approval made available to franchisees.

You are required to comply with any advertising and marketing mandates in Operating Manual. If we provide you with a separate marketing manual, you will be required to comply with the any mandates that are included in it. Franchisees must complete a Lice Lifters Marketing Plan every quarter (Franchise Agreement, Exhibit H). Once a Marketing Plan has been submitted to and approved by the Franchisor, upon Franchisor's request, Franchisee shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manual or otherwise in writing from time-to-time. Such mandates may require you to use particular suppliers of marketing products or services.

We derive revenue from the sale of Lice Lifters™ Branded Products, to our franchisees. During the last fiscal year, our total revenues were \$259,767, of which \$0 was derived from required purchases from franchisees. During the last fiscal year, our affiliate, Lice Lifters LLC, derived \$292,959 in revenue from required purchases from franchisees, which is 282% of our total revenues of \$90,962. Our officers, as set forth in Item 2, are owners of Lice Lifters LLC and Lice Lifters Distribution LLC, both of which supply our franchisees.

We estimate that approximately 80-85% of the total goods and services needed to establish the Franchised Business will be products and services that we require you to purchase or lease, and that approximately 80-85% of the total goods and services needed to operate the Franchised Business on an ongoing basis will be products and services that we require you to purchase or lease.

Insurance

You must obtain and maintain insurance, at your expense, as we require, in addition to any other insurance required by applicable law, your landlord, or otherwise. We may periodically change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances, if the changes apply to all Lice Lifters Business. Each insurance policy must name us and entities and persons affiliated with us as additional insureds. On our request, you must provide us with copies of all insurance policies together with proof of payment for insurance. You must send to us current certificates of insurance and copies of all insurance policies on an annual basis. Before you open your Lice Lifters Business, you must furnish us with a certificate of insurance showing compliance with the insurance requirements. Currently, you must have the following insurance at a minimum:

- Comprehensive general liability insurance with limits of at least \$1,000,000 per person per occurrence (and \$2,000,000 aggregate for bodily injury) and at least \$50,000 for property damage per occurrence;
- Personal injury and advertising injury insurance with limits of at least \$1,000,000 per occurrence;
- Employer Practices Liability insurance with limits of at least \$1,000,000;
- An Umbrella Liability insurance policy with a limit of at least \$1,000,000;
- “All risk” insurance on the premises, equipment and supplies, for loss or damage by fire, windstorm, flood, casualty, theft and other risk usually insured against by the owners or lessors of similar property, for at least 100% of the replacement cost of the property. Unless you obtain a written waiver from us, any Lice Lifters Business sustaining loss or damage must be repaired, restored, or rebuilt within 60 days after the date of the loss or damage;
- Automobile liability insurance on each vehicle used in the business within the minimum coverage limits as required by the law of the state or jurisdiction in which you are engaged in business; and
- Worker’s compensation or similar insurance as required by the law of the state or jurisdiction in which you are engaged in business. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of your Lice Lifters Business, if required by your state or jurisdiction.

We do not have a purchasing or distribution cooperative related to our franchises. We do not provide any direct material benefit to franchisees for use of approved suppliers. We intend to negotiate purchase arrangements with suppliers (including price terms) for the benefit of our franchisees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.2. 5.1, 5.3, and 7.14	11
b. Pre-opening purchases/leases	7.7	5, 6, 7 and 8
c. Site development and other pre-opening requirements	3.7, 5 and 7.7	11
d. Initial and ongoing training	3.2, 3.3 and 6	6, 7 and 11
e. Opening	5 and 7.7	11
f. Fees	2.2.11, 4, and 14.3.10	5, 6 and 7
g. Compliance with standards and policies/Operating Manual	6, 7, 8.2 and 9	8 and 11
h. Trademarks and proprietary information	8 and 10	13 and 14
i. Restrictions on products/services offered	7	8 and 16
j. Warranty and customer service requirements	Not Applicable	11
k. Territorial development and sales quota	1.3	12
l. Ongoing product/service purchases	7.7	8
m. Maintenance, appearance and remodeling requirements	2.2.2, 7.10 and 7.11	11
n. Insurance	13	6 and 7
o. Advertising	12	6, 7 and 11
p. Indemnification	20.3	6
q. Owner's participation/management/staffing	7.12	11 and 15
r. Records/reports	11	6
s. Inspections/audits	7.8 and 11.4	6 and 11
t. Transfer	14	17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
u. Renewal	2.2	17
v. Post-termination obligations	16 and 17.3	17
w. Non-competition covenants	17.2 and 17.3	17
x. Dispute resolution	25	17

ITEM 10

FINANCING

Other than as described in this Item 10, we do not offer direct or indirect financing, do not guarantee your note, lease or obligation, and do not receive a fee from any financing source. We offer you the option to pay the Initial Franchise Fee in two installments. The Initial Franchise Fee is \$35,000 and is non-refundable. You must pay the first installment of \$17,500 when you sign the Franchise Agreement and pay the second installment of \$17,500 by the earlier of thirty (30) days after signing the Franchise Agreement or the date the Franchised Business opens. We do not charge you any interest if paid on time. There is no prepay penalty, and no security or collateral is required.

If you fail to pay the first installment of the Initial Franchise Fee, we will not sign the Franchise Agreement and you will not have the right to open a Lice Lifters® franchise. If you fail to timely pay the second installment, we have the right to terminate the Franchise Agreement and retain the first installment, unless you cure such default within seven days of receiving a written notice of default from us. Upon termination of the Franchise Agreement, we can seek all damages due to us, including court costs and attorney's fees incurred by us in collecting the debt. Each of your owners must personally guarantee your obligations under the Franchise Agreement, including your obligation to pay the Initial Franchise Fee. It is not our practice or intent to sell, assign, or discount to a third-party all or part of your financing arrangement with us.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Before the Lice Lifters® Treatment Center opens, we will provide you with the following:

1. We will make available to you, at no charge, our standard specifications for a prototypical Lice Lifters® business, including fixtures, furnishings and interior and exterior signs (Franchise Agreement, Section 3.1);
2. We will provide training for up to four individuals at no additional charge (Franchise Agreement, Sections 3.2 and 6);

3. We will provide 1 to 4 days (which may not be consecutive) of on-site, pre-opening and opening supervision and assistance at the Treatment Center (Franchise Agreement, Section 3.3). If requested, this will include training employees; however, we will not provide assistance in hiring employees;

4. We will loan you one copy of our Confidential Operating Manual (Franchise Agreement, Sections 3.4 and 9);

5. We or our affiliates will make available to you for sale the Lice LiftersTM Branded Products, or such replacement products as we may designate (Franchise Agreement, Section 3.5);

6. We will make available to you sample marketing and promotional materials at your cost and expense (Franchise Agreement, Section 3.6);

7. We will provide to you a list of initial equipment for the Franchised Business available for purchase from us, our affiliate, or a supplier designated by us (Franchise Agreement, Section 3.7);

8. Provide site selection guidelines and criteria and provide site selection assistance to determine an acceptable location for your Lice Lifters Business. We will not provide assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing or remodeling;

9. Within 30 days of your signing the approved lease or location purchase, we will provide you with access to prototype design plans, specifications, décor and layout for a Lice Lifters Business, including requirements for design, color, scheme, image, interior layout and operation assets that include fixtures equipment interior signs and furnishings. This will include assistance with decorating your Lice Lifters Business. We may also designate additional suppliers of goods and services. Generally, we do not own the premises and lease same to our franchisees;

Continuing Obligations

After the Treatment Center opens, we may provide you with the following:

1. We or our affiliates will make available to you for sale the Lice LiftersTM Branded Products, or such replacement products as we may designate (Franchise Agreement, Section 3.5);

2. We will make available to you sample marketing and promotional materials at your cost and expense (Franchise Agreement, Section 3.6);

3. We may provide you, upon your request and in our sole discretion, at such time(s) and in such manner as we determine, advice, assistance, and written materials in connection with the operation of the Treatment Center, including, for example, advice about inventory, sales methods, new developments and improvements, new products, and marketing techniques (Franchise Agreement, Section 3.8). This may include assisting in establishing prices, such as setting minimum and/or maximum prices at which franchisee should (or must) sell products and services;

4. We will conduct, as we deem advisable, inspections of the Treatment Center premises and your operation of the Treatment Center, at any time and with or without notice to you (Franchise Agreement, Section 3.9); and

5. We will designate or approve suppliers who will make available to you for sale, supplies, materials, and other products and equipment used or offered for sale at the Franchised Business as we may designate in writing (Franchise Agreement, Section 7.5).

Advertising Programs

Advertising. We may make available to you from time-to-time, at your expense, marketing and promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions and similar advertising and promotional materials (Franchise Agreement, Section 12.3). All advertising and promotion by you must be in the media and of the type and format as we may approve, including print media, radio, and local promotional events, must be conducted in a dignified manner, and must conform to the standards and requirements we may specify. We may also designate particular advertising and marketing products and services that you are required to use. Franchisees must complete a Lice Lifters Marketing Plan every quarter (Franchise Agreement, Exhibit H). Once a Marketing Plan has been submitted to and approved by the Franchisor, upon Franchisor's request, Franchisee shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manual or otherwise in writing from time-to-time. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us (Franchise Agreement, Section 12.3). You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you wish to use and that we have not prepared or previously approved within the preceding 6 months. You must not use any plans or materials until they have been approved in writing by us. If you do not receive written notice of disapproval from us within 15 days of the date of our receipt of the samples or materials, we will be deemed to have approved them (Franchise Agreement, Section 12.6). However, the Franchisor has no obligation to conduct advertising for the franchise system.

Advertising Cooperative. There is no advertising cooperative, or other advertising program, in existence at this time that you are required to make contributions to, although we reserve the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative") in the future, and to determine whether such a Cooperative is applicable to your Treatment Center. As of the date of issuance of this Franchise Disclosure Document, franchisees are not required to participate in an advertising fund. If a Cooperative is established in your area before the opening your Treatment Center, you must become a member of the Cooperative no later than 30 days after the opening of your Treatment Center. If a Cooperative is established after the opening of your Treatment Center, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. If your Treatment Center is within the territory of more than one Cooperative, you are not required to be a member of more than one Cooperative within that territory (Franchise Agreement, Section 12.2).

Each Cooperative will be organized and governed in a form and manner, will commence operation on a date, and will operate according to written governing documents, all of which we must approve in advance in writing. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. Each Cooperative will have the right to require its members to make contributions to the Cooperative in the amounts as determined by the Cooperative. You will not be required to contribute more than 2% of your Gross Revenue to the Cooperative during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Any contributions you make up to 2% of your Gross Revenue during a single calendar year

will be credited towards any minimum local advertising expenditure we require under the Franchise Agreement (Franchise Agreement, Section 12.2).

Franchise Advisory Council. We have the right to require the establishment of an advisory council in your area. If an advisory council is established by us, you must participate actively in the advisory council and all of its programs that are approved by us (Franchise Agreement, Section 12.7).

Advertising Council. There is no advertising council in existence at this time, although we reserve the right to create an advertising council in the future.

Website

Except as approved in advance in writing by us, you may not establish or maintain a separate Website, or otherwise maintain a presence or advertise on the Internet or any other public computer network in connection with the Franchised Business. However, we have the right to require that you have one or more references or webpage(s), as designated and approved in advance by us, within our Website. The term “Website” means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums (“Networking Media Sites”). If we approve a separate Website for you, it will be considered “advertising” and will be subject to, among other things, our prior review and approval. Before establishing any Website, you must submit to us, for our approval, a sample of the proposed Website domain name, format, visible content (including proposed screen shots), and non-visible content (including meta tags) in the form and manner we may reasonably require. If approved, you may not subsequently modify the Website without our consent. You must also comply with our standards and specifications for Websites and, if we require, establish hyperlinks to our Website and other Websites as we may request. You may not make any posting or other contribution to a Networking Media Site relating to us, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of us, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates our policies relating to the use of Networking Media Sites (Franchise Agreement, Section 8.9).

Computer System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Treatment Center; (b) computerized inventory systems for use at the Treatment Center; (c) printers and other peripheral hardware or devices; (d) archival back-up systems; (e) Internet access mode and speed; and (f) physical, electronic, and other security systems (the “Computer System”) (Franchise Agreement, Section 8.5).

We also have the right, but not the obligation, to develop or have developed, or to designate: (a) computer software programs that you must use in connection with the Computer System (the “Required Software”), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System (Franchise Agreement, Section 8.5).

At our request, you must purchase or lease, and maintain, the Computer System and, if applicable, the Required Software. We have the right at any time to remotely retrieve and use this data and information

from your Computer System or Required Software that we deem necessary or desirable. There are no contractual limits to Franchisor's access to Franchisee's computer system. You must keep your Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we may direct in writing, all at your own expense. Your Computer System must be operational before you open your Treatment Center (Franchise Agreement, Section 8.5). Neither we nor our affiliate will have any obligation to provide ongoing maintenance, repairs, upgrades, or updates for your Computer System. There are no required annual support or maintenance contracts.

Subject to the above requirements, you are currently required to purchase or lease an electronic credit card processing machine. Neither we, our affiliate, nor any third-party are obligated to provide ongoing maintenance, repairs, upgrades, or updates to your electronic credit card processing machine. Your electronic credit card processing machine must comply with our standards and specifications, which we may change or modify at any time. You must upgrade or update your electronic credit card processing machine during the term of the franchise, at your cost, whenever we require. There is no contractual limitation on the frequency or cost of this obligation. There are no optional or required maintenance, updating, upgrading, or support contracts in connection with the electronic credit card processing machine. We retain the right to have independent access to the information and data that will be generated or stored by your electronic credit card processing machine relating to sales made at the Treatment Center. There are no contractual limitations on our right to access this information. The approximate cost of leasing your electronic credit card processing machine is \$38 per month plus a percentage of the charges made. You are not required to purchase or use any other electronic cash registers or computer systems at this time.

We estimate that costs associated with the computer system will range from \$3,000 to \$5,000.

Site Selection

You must operate the Franchised Business only at the location approved by us ("Approved Location"). You may not relocate the Franchised Business without our prior written approval, which we may withhold in our sole discretion (Franchise Agreement, Section 1.2). You will have ninety (90) days from the date of the Franchise Agreement to open the Treatment Center for operation, if you have selected an approved site before signing the Franchise Agreement. If you sign a Site Selection Addendum to your Franchise Agreement, you will have ninety (90) days to lease or acquire a location approved by us within the Site Selection Territory specified in the Site Selection Addendum, and you must commence operation of the Treatment Center by the earlier of ninety (90) days after the location is approved by us, or ten (10) days after construction is completed and you have received our approval to open the Treatment Center. If you fail to meet any of these deadlines, we have the right to terminate the Franchise Agreement without refund of the franchise fee (Franchise Agreement, Sections 5.3 and 15.2.1).

If you sign a Site Selection Addendum, you must submit your proposed site to us for approval within sixty (60) days of signing the Franchise Agreement in the manner and form specified in the Franchise Agreement, and we will notify you in writing of its approval or disapproval of your proposed site within thirty (30) days (Franchise Agreement, Exhibit B, ¶ 3). When we review a proposed site, we will consider factors including general location, neighborhood, traffic patterns, high street volume with clear and distinct signage, available parking, lot size, physical characteristics of any existing structures, lease terms, and the demographics of the surrounding area.

Upon your request, we will provide the site selection guidelines and consultation we deem advisable, including assistance with the negotiation of lease terms. We will conduct on-site evaluations for properly submitted proposed sites as we deem advisable. There will be no additional charge to you for our first on-site evaluation. For all additional evaluations, you must reimburse us for our out-of-pocket

expenses, including costs of travel, lodging and meals (Franchise Agreement, Exhibit B, ¶ 4). Our approval of your proposed site will depend on factors including general location, neighborhood, traffic patterns, high street volume with clear and distinct signage, available parking, lot size, physical characteristics of any existing structures, lease terms, and the demographics of the surrounding area.

The estimate that the length of time between signing the Franchise Agreement and opening a Treatment Center will be sixty (60) to ninety (90) days if you have a lease for an approved location at the time you sign the Franchise Agreement or 120 to 180 days if you do not have a lease for an approved location at the time you sign the Franchise Agreement. The factors that affect this time are your ability to obtain a location that satisfies our requirements; financing or building permits; zoning and local ordinances; your ability to complete the initial required training course to our satisfaction; delayed construction or installation of equipment, fixtures, and signage; delays by the leaseholder in delivering the property; weather and natural disasters; and unforeseen delays in the bid process. If we and you cannot agree on a proposed site within ninety (90) days of your signing the Franchise Agreement, then your Treatment Center will not be opened and you will forfeit your initial franchise fee.

Manual

You must operate the Treatment Center in accordance with the standards, methods, policies, and procedures specified in the Manual that we loan to you. We may revise the contents of the Manual, and you must comply with each new or changed standard. You must insure that your copies of the Manual are kept current at all times (Franchise Agreement, Section 9). The Table of Contents of the Manual is attached to this disclosure document as Exhibit C. The total number of pages is 22, and the number of pages devoted to each topic are reflected in the Table of Contents.

Training Programs

Our initial training program (the “Initial Training Program”) will consist of approximately three days of classroom training and at least two days of on-the-job training at our Treatment Center in Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida. At least thirty (30) days before the opening of the Treatment Center, the following individuals must have attended and successfully completed to our satisfaction the Initial Training Program: (a) you (or, if the Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by you and approved by us); (b) if you will not manage the Treatment Center, a full-time manager; and (c) other employees who will perform lice removal procedures at the Treatment Center. We have the right to approve those persons who attend the Initial Training Program and to require fewer or additional persons to attend the Initial Training Program as we determine in our sole discretion (Franchise Agreement, Section 6.1). If any individual required to attend the Initial Training Program fails to satisfactorily complete the Initial Training Program, you must immediately replace the individual and have the replacement immediately attend the Initial Training Program at your expense (Franchise Agreement, Section 6.1).

At our option, any persons subsequently employed by you in the position of manager or other position as we determine in our sole discretion, must, before the assumption of duties, also attend and complete to our satisfaction the Initial Training Program (Franchise Agreement, Section 6.3). You and all of your employees who attend the Initial Training Program, or who are designated by us, must attend additional courses, seminars and other training programs as we may reasonably require (Franchise Agreement, Section 6.4).

We do not charge you a training fee for up to four individuals. You must pay to us the then-current training fee designated in the Manual or otherwise in writing by us for any additional employees who attend the Initial Training Program. The current training fee is \$750 per person and is non-refundable. You will be

responsible for all other expenses incurred by you, your manager, and other employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages (Franchise Agreement, Section 6.5).

The Initial Training Program will be held as needed at a Lice Lifters franchised or affiliate-owned Treatment Center. For all required training courses, seminars, and programs, we will provide instructors and training materials to you. Training materials will include the Lice Lifters Business Operations Manual and Training Manual. All training is provided under the supervision of Michele Barrack, who is our President and Chief Operating Officer and/or our then-Franchise Relations Director. The training program shall include instruction as outlined in the following table:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
The Treatment			
What do you do if you find nits; Lice Lifters Comb Out treatment process, theory	1.0	1	Spartanburg, South Carolina
How to do a comb-out on long hair; how to do a comb-out on short hair	1.0	5.0	Spartanburg, South Carolina
Competitive analysis: why we are different than other services	2.0	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Post-treatment schedule;	1.0	1.0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
what to tell a client during and after treatment; who to communicate with, how to allay the client's concerns and fears	1.0	4.0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Business Operations			Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Client Assessment forms – fill out and why it's important	.5	2	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
QuickBooks – How to enter clients; which reports you need to run;	0	2.0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
How to handle client incoming phone calls	3.0	1.0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
How to handle objections	1.0	1.0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Marketing			Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
How to set up Social Media Marketing – Facebook, Instagram, Twitter, Pinterest,	3.0	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida

SUBJECT	HOURS OF CLASS-ROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
E-Mail Marketing – Constant Contact	1.0	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Community Support Marketing: Sport Teams Sponsorships/Playbills/School Fundraiser Raffles	2.0	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Internet Marketing – Website and SEO/PPC	4.0	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
Guerilla Marketing; target clients; School nurses/Beauty Salons/Doctor’s Offices	1	0	Bucls/Montgomery County, Pennsylvania or Palm Beach County, Florida
TOTAL HOURS	21.5	17	

The hours devoted to each subject are estimates only and may vary substantially based on how quickly trainees grasp the material, their prior experience with the subject, and scheduling.

Michele Barrack will oversee initial training. Trainers will have, at minimum, two years of experience in the industry.

Trainees are expected to read and have reviewed the Operations Manual prior to attending training. Supplemental training will be provided in a review of the material along with hands-on, observational and visual instruction on our daily procedures and best practices for operating the Business and event center.

If you are an individual, you and your original manager, if any, must attend and complete our initial training program to our satisfaction. If you are a legal entity, your Operating Principal and your original manager, if any, must attend and successfully complete initial training. We recommend that you plan to attend training before you sign a lease for your business.

We do not currently conduct, but may in the future, regional and/or national conferences. If and when we do, you (or your Operating Principal) must attend a regional or national conference, which shall not occur more than one time per year. At our option, we may charge you a conference fee or a proportionate share of our out-of-pocket costs for each annual conference.

You (or your Operating Principal) and/or any previously-trained manager must attend any refresher or follow-up training that we designate. We will not charge you a fee for this training, however, you may incur out-of-pocket costs in attending same.

Training for replacement managers or employees is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for replacement managers will occur at a time we schedule on a space-available basis, and may not be available immediately after the replacement manager (or employee) is hired. You will be responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the cost of transportation, lodging, meals and wages.

Training for transferees of your franchised business is required and provided on the same terms as the initial training provided to you, except that there may be a fee. Training for transferees will occur at a time we schedule on a space-available basis, but must be completed before the transfer takes place.

You must pay our travel, lodging, and meal expenses during training. You must also pay travel, lodging, and meal expenses for trainees and any compensation or benefits due trainees during initial training, or during any regional or national conferences, or any additional or refresher training.

Computer System and Internet Access

You must purchase and use the complete computer software services and electronic cash register/point-of-sale system (*i.e.*, the “POS System”) we require, which we have the right to change at any time. Beyond the POS System, you are required to obtain other, necessary computer services, an electronic cash register system, tablets, an office printer, and a laptop or desktop computer. Currently, the approximate annual cost to you for the POS System and other, required equipment, is \$1,500 plus a monthly fee for POS support and maintenance. This cost is subject to increases by the vendors. Any maintenance, repair or updates due to the computer system are Your responsibility.

Independent Access to Information. We have a right and you are required to provide us with independent access to the information that will be generated or stored in your computer systems, which includes, but is not limited to, customer, transaction, and operational information. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business area. The POS System generates and stores information about sales, customer data, and related items.

You must have broadband Internet access, which will permit you to use web-based technology, gather information, exchange ideas and transfer data. You may use any independent Internet Service Provider of your choosing that provides broad-band access. You must maintain a functioning email address so that we can communicate with you electronically.

We may upgrade our minimum computer system requirements at any time in order to keep pace with technology. There are no contractual limitations on the frequency or cost of this obligation, but we expect you will need to upgrade at least every two to three years. If we modify or impose a requirement, we will notify you in our manuals or other written communications, and will give you a reasonable time in which to comply at your expense. We estimate that the cost of upgrading and replacing a computer system is approximately \$1,500 annually.

We may assist you in obtaining the computer system and related services, but we are not obligated to do so. We may, in the future, designate an approved supplier for computer components.

We disclaim all implied warranties to the extent permitted by law. Neither we nor any affiliate is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system. You should determine for yourself whether or not any third-party supplier from whom you purchase any component of your computer system is obligated to provide ongoing maintenance, repairs, upgrades or updates to any component of your computer system, and determine the additional cost for the services.

Opening Business

For a Lice Lifters Business, you are required to obtain a site (via a signed letter of intent or lease agreement) within sixty (60) days of the Effective Date. The maximum time to open, after the Effective Date, is one hundred-eighty (180) days. The typical length of time between the signing of a Franchise Agreement and the opening of a business is ninety (90) to one hundred twenty (120) days. Factors that may affect this time include your ability to obtain business licenses and permits, receive delivery of supplies, when you complete training, select a site, negotiate a lease and complete any construction or renovation of your facility.

ITEM 12

TERRITORY

You will receive an exclusive territory as described in this Item 12. During the term of the Franchise Agreement, we will not establish or operate, or license any other person to establish or operate, a Treatment Center under the System and the Proprietary Marks at any location within a specified area around the Approved Location (“Territory”). Your Territory will consist of a geographic area containing between 500,000 and 700,000 people, defined either as a single county or a group of contiguous zip codes. The size of your Territory could vary depending on the population density of the area surrounding the Approved Location. Continued territorial exclusivity is not contingent on achieving any designated sales volume. There are no circumstances that will not be considered a material default by Franchisee that will allow Franchisor to modify Franchisee’s exclusive territory.

We retain the rights, among others, on any terms and conditions we deem advisable, and without granting any rights to you: (a) to establish and operate, and license others to establish and operate, a Lice Lifters business under the System and the Proprietary Marks at any location outside your Territory; (b) to sell to, solicit, or direct advertising or promotional materials to customers or prospective customers located in your Territory; (c) to establish or acquire and operate any business of any kind, which may offer the same products and services as the Franchised Business, under different proprietary marks, at any location, whether located within or outside your Territory and notwithstanding the business’s proximity to your Territory or the Approved Location, or its actual or threatened impact on sales at your Treatment Center; (d) to offer, sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, within and outside the Territory, any products or services, including Lice LiftersTM Branded Products, and other products and services sold at the Treatment Center, from any location other than a Lice Lifters business, including sales made at retail or wholesale stores, pharmacies, supermarkets, grocery stores, convenience stores, temporary locations, portable carts, kiosks or trailers, catalogs, mail order, or electronic means (for example, the Internet); and (e) within and outside the Territory, to acquire, merge with, or otherwise affiliate with, and own and operate, and franchise or license others to own and operate, any business that offers products or services the same as or similar to those offered by you under the System and Proprietary Marks.

We have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee’s territory using the Proprietary Marks or marks other than the Proprietary Marks. You are not restricted from soliciting or

accepting orders from consumers outside of your Territory, but you may not make sales within or outside of your Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing. Neither we nor other franchisees will have to compensate you for soliciting or accepting orders from inside your Territory.

We and our affiliate have the right to sell Lice Lifters™ Branded Products, and other products at wholesale to locations that might be within or in close proximity to your Territory. These products may be the same as, or similar to, the products that will be offered at the Treatment Center and may be offered for re-sale by the locations that purchase these products in competition with the Franchised Business. Except as described above, neither we nor any affiliate of ours currently operate or franchise, or have present plans to operate or franchise, a business under a different trademark that sells goods and services similar to those being offered at Treatment Centers. However, we have the right, in our sole discretion, to begin operating or franchising such a business in your Territory at any time.


You may not establish more than one Treatment Center in your Territory. You will not be granted any option, right of first refusal or similar right to acquire additional franchises within your Territory, or in a contiguous territory.

We grant you a franchise for a specific Approved Location within the Territory. The site may not be changed without our written approval and compliance with our relocation procedures, and you may not operate out of any site other than the approved site within the Territory without our written approval. We may allow you to move your site under the following conditions: the structure in which you are located is sold and/or slated for demolition; you find that you are able to negotiate a better lease elsewhere and are willing to relocate; or another condition that makes it impossible for you to retain your site.

ITEM 13

TRADEMARKS

You will be granted the right to establish and operate a Treatment Center under the Proprietary Marks, including the marks listed below. Our affiliate has filed applications to register the following marks on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”):

Mark	Application Number	Application Date	Registration Number	Registration Date
LICE LIFTERS	85155083	Oct. 18, 2010	4071717	Dec. 13, 2011
	85138157	Sept. 24, 2010	3957780	May 10, 2011

Lice Lifters LLC owns federal trademark registrations for the LICE LIFTERS word mark, Registration No. 4071717 and the LICE LIFTERS design mark, Registration No. 3957780. If our affiliate’s right to use any of the Proprietary Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Lice Lifters LLC intends to renew the registrations at the times required by law, and has filed all required affidavits and renewals.

Lice Lifters LLC owns the Proprietary Marks, including the marks listed above, and has licensed to us the right to use the Proprietary Marks, and to sublicense them to Lice Lifters franchisees, under a license agreement between Lice Lifters LLC and us, dated March 2011. The term of the license agreement is indefinite, but either we or Lice Lifters LLC may terminate the license agreement with or without cause on 30 days written notice. In the event of termination, Lice Lifters LLC will assume all of our rights and obligations under any franchise agreements then in effect between us and the franchisees operating under the System. Except for this license from Lice Lifters LLC to us with respect to the Proprietary Marks, we are aware of no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

We are not aware of any effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state, or court nor any pending infringement, opposition, or cancellation proceeding nor any pending material litigation involving the above marks that may be relevant to its use in any way, except as described above. In addition, there is no litigation or claims of which we are aware that affects the ownership or use of the above marks. Any and all affidavits required by the USPTO have been filed. No trademark registrations have been renewed yet.

Except as described above, we are not aware of any directly infringing uses of the Proprietary Marks that could materially affect your use of ownership rights in the above marks or Lice Lifter LLC's ownership rights in the above marks in any state.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Lice Lifters LLC's ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. Lice Lifters LLC has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. Lice Lifters LLC has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If used in the manner described above, we will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do those acts as may, in the opinion of us, be necessary to carry out your defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

We reserve the right, at our sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks for use in identifying the System and the businesses operating under these marks. You must comply with any changes, revisions and/or substitutions. We will bear the reasonable costs to you of modifying your signs, advertising materials, interior graphics and any other items to conform to our new Proprietary Marks.

ITEM 14

PATENTS, COPYRIGHTS AND OTHER PROPRIETARY INFORMATION

Proprietary Technology

You will be granted the right to establish and operate a Treatment Center using proprietary technology, including certain trade secrets, proprietary methods and formulas owned by Lice Lifter LLC which Lice Lifters LLC has licensed to us the right to make, use, sell, offer for sale, import and sublicense to Lice Lifters franchisees, under a license agreement between Lice Lifters LLC and us dated March 29, 2012 (collectively, “Proprietary Technology”).

Aside from the license agreement with Lice Lifters LLC, we are currently unaware of any agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Technology in any manner material to the franchise. We have no obligation to you to protect the Proprietary Technology or to defend you against claims arising from your use of the Proprietary Technology. We are not aware of any patent infringement or claims thereof that could materially affect you.

Confidential Operating Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your Treatment Center in accordance with the standards, methods, policies, and procedures specified in the Manual. Upon your completion of our initial training program to our satisfaction, we will loan you one copy of the Manual for the term of your Franchise Agreement.

The Manual may consist of multiple volumes of printed text, computer disks, other electronically stored data, DVDs, and videotapes. We may provide a portion or the entire Manual (including updates and amendments), and other instructional information and materials, in or via electronic media, including through the Internet.

You must treat the Manual, any other manuals created for or approved for use in the operation of the Treatment Center, and the information contained in the Manual, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Treatment Center.

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

Copyrights

We may or may not register claims in patents or copyrights that are material to our business, but Lice Lifters Franchising, LLC does claim proprietary rights and copyrights to the confidential information contained in the Operations Manual. Lice Lifters Franchising, LLC also claims copyrights on operational materials specifically associated with the System, including the proprietary advertisements, all materials presented to prospective customers, printed materials and forms associated with the operation of a Franchised Business.

Patents

No patents or patents pending are material to us at this time.

Confidential Information

You must not, during and after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement, including, the Manual, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, customer names, lists, and contact information, management tools, or advertising which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement. You may divulge this confidential information only to those of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

We have the right to control any litigation involving any right we have or may acquire in any patent, copyright or application for either. You must promptly tell us when you learn about unauthorized use of this proprietary information or our intellectual property. We are not obligated to take any action, but will respond to this information as we deem appropriate. Our interests are to protect the integrity of the brand. We will not indemnify you for losses claimed by a third-party concerning your use of this information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

During the term of your Franchise Agreement, you (or, if you are a corporation, partnership or limited liability company, at least one of your principals) or a fully-trained manager must devote full time, energy, and best efforts to the management and operation of the Treatment Center. The foregoing individual must take an active role in the operation of the Treatment Center and be on the premises operating the Treatment Center during peak hours of operation. We reserve the right to approve your manager. At all times during the operation of your Treatment Center you must have two (2) people in the Treatment Center between the hours of 9:00 a.m. and 5:00 p.m. Monday thru Friday. The Owner may be included as one of these staff members.

The Treatment Center must at all times be under the direct, on-premises supervision of you, your principal, or another individual who has satisfactorily completed the training required under the Franchise Agreement or as otherwise specified by us in writing, whom we reserve the right to approve in our sole discretion. You must maintain a competent, conscientious, trained staff, including a manager who has successfully completed the initial training program and additional training we may specify in writing.

At our request, you must obtain and furnish to us signed confidentiality and non-competition agreements (attached as Exhibit D to the Franchise Agreement) from your manager and other personnel having access to our confidential information by virtue of their relationship with you. All principals, partners, and/or members of the Franchisee will also be required to personally guarantee all of the obligations of the Franchisee under the Franchise Agreement. This shall not apply to your spouse unless he or she is a member of, or employed by, your franchised business.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must: (1) sell or offer for sale only those products, merchandise, and services as we have expressly approved for sale in writing; (2) sell or offer for sale all products, services, and merchandise we specify; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any products, merchandise, and services which we may, in our sole discretion, disapprove in writing at any time. You must sell all products at retail prices and not sell products at wholesale prices or for resale. All products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in the Manual or otherwise in writing (Item 8 contains additional information regarding restrictions on sources of products and services).

The Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services. We have the right to determine the prices of the products and services offered and sold by you. We also have the right to establish minimum prices and/or maximum prices of the products and services offered and sold by you. You must strictly adhere to the prices (including minimum and/or maximum prices) established by us. We retain the right to modify the prices from time-to-time in our reasonable discretion.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1	Five (5) years from date Franchise Agreement is signed.
b. Renewal or extension of the term	Section 2.2	If you are in good standing and have met the conditions set forth in row (c), below, you have the right to renew the Franchise Agreement for up to three (3) additional five (5) year terms (or the length of your then-current lease term, whichever is shorter) with payment of any renewal fee that is in effect at the time of renewal. The current renewal fee is 50% of the then-current initial franchise fee at the time of signing.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Section 2.2	Good standing, timely advance notice, payment of the then-current renewal fee, sign a new franchise agreement that may contained materially different terms and conditions than the Franchise Agreement in this Disclosure Document, be current in payments, sign a general release, modernize Treatment Center to meet then-current standards, and meet Franchisor's then-current training standards.
d. Termination by franchisee	None	Not applicable.
e. Termination by franchisor without cause	None	Not applicable.
f. Termination by franchisor with cause	Section 15	We have the right to terminate with cause.
g. "Cause" defined – curable defaults	Section 15.3	Curable defaults include: non-compliance with the Franchise Agreement (except those defaults listed in (h) below); non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards, or procedures; failure to obtain our prior written approval or consent; actions inconsistent with or contrary to your lease; failure to maintain product and service quality; using confusingly similar names or marks; failure to comply with all applicable laws, rules, and regulations; and others.
h. "Cause" defined – non-curable defaults	Sections 15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open for business; failure to complete training; abandonment; loss of premises; conviction of a crime; health or safety violations; animal cruelty or abuse; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure a default; repeated defaults even if cured; and others.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/non-renewal	Section 16	Obligations include: cease operations of the Treatment Center; de-identification; assignment of right to possess premises; payment of amounts due to us and our affiliates; payment of liquidated damages; return Manual and all other confidential information; sell to us products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at our option; compliance with post-termination non-competition agreement; and others.
j. Assignment of contract by franchisor	Section 14.1	No restriction on our right to transfer or assign the Franchise Agreement.
k. "Transfer" by franchisee – defined	Section 14.2	Includes transfer of Franchise Agreement, any direct or indirect interest in the Franchisee (if a corporation or partnership), or all or substantially all of the assets of the Treatment Center.
l. Franchisor approval of transfer by franchisee	Sections 14.2, 14.3	All transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval of transfer	Section 14.3	Conditions of approval include: timely written notification to us of the proposed transfer; our prior written consent; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs a general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs our then-current form of franchise agreement; you remain liable for all of the obligations to us which arose before the transfer and which extend beyond the term of the Franchise Agreement, and you sign all instruments which we reasonably request to evidence this liability; transferee completes all required training programs; you pay a transfer fee equal to 50% of the then-current initial franchise fee; we have been offered right to assume controlling interest of transferor (see (n) below); transferee acquires all of your rights and obligations under any Franchise Agreements to which you are a party; and others.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.5	We have a right of first refusal for any proposed transfer of interest.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Franchisor's option to purchase franchisee's business	Sections 16.4, 16.10	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase your equipment, signs, and fixtures at the lesser of the fair market value or the price paid by you; we also have the option to have you assign your lease to us.
p. Death or disability of franchisee	Section 14.6	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Treatment Center, an approved transfer must occur within 6 months.
q. Non-competition covenants during the term of the franchise	Section 17.2	During the term of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any other lice removal business or other business that offers or sells products or services offered by the Franchised Business (whether at retail or wholesale), where the sale of those products and/or services is 25% or more of the gross revenue of the business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.3	For two (2) years after termination or expiration of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any other lice removal business or other business that offers or sells products or services offered by the Franchised Business (whether at retail or wholesale), where the sale of those products and/or services is 25% or more of the gross revenue of the business, and (B) is located within your Territory, within twenty-five (25) miles of the Approved Location, or within twenty-five (25) miles of any Treatment Center.
s. Modification of the agreement	Section 23	All amendments, changes, or variances from the Franchise Agreement must be in writing and signed by all parties thereto.
t. Integration/merger clause	Section 23	The Franchise Agreement and all referenced and attached documents constitute the entire, full, and complete agreement between the parties. However, nothing in the Franchise Agreement or in any related agreement between you and us is intended to disclaim the representations in this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Sections 25.1, 25.2, 25.3, and 25.4	Claims must first be mediated prior to arbitration or litigation. Except for certain claims, all disputes must be arbitrated in Pennsylvania. The arbitration will occur with each respective party paying their own costs.
v. Choice of forum	Sections 25.1, 25.2, 25.3, and 25.4	Mediation and arbitration will be held in Philadelphia, Pennsylvania at a location to be determined by us in our sole discretion. Any judicial proceeding must be brought in the U.S. District Court for the Eastern District of Pennsylvania. (subject to applicable state law)
w. Choice of law	Section 25.1	All disputes will be governed by the laws of the Commonwealth of Pennsylvania. (subject to applicable state law)

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michele Barrack, 280 Gossett Road, Spartanburg, South Carolina 29307, (484) 368-3383, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20**OUTLETS AND FRANCHISEE INFORMATION**

Table 20.1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	7	4	-3
	2022	4	1	-3
	2023	1	4	+3
Affiliate Owned	2021	2	2	0
	2022	2	3	+1
	2023	3	2	-1
Total Outlets	2021	9	6	-3
	2022	6	4	-2
	2023	4	6	+2

Table 20.2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 TO 2023

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

Table 20.3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
NJ	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
PA	2021	4	0	0	0	0	2	2
	2022	2	0	0	0	1	1	0
	2023	0	2	0	0	0	0	2
FL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
TX	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
Totals	2021	7	0	0	0	0	3	4
	2022	4	0	0	0	1	2	1
	2023	1	3	0	0	0	0	4

Table 20.4
STATUS OF CORPORATE/AFFILIATE-OWNED OUTLETS
FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
FL	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	1	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NJ	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	1	2

Table 20.5
PROJECTED OPENINGS
IN THE CURRENT FISCAL YEAR

State	Franchise Agreement Signed But Unit Not Yet Open (As of 12/31/2023)	Projected New Franchised Units Opening in Next Fiscal Year	Projected New Affiliate-Owned Units in Next Fiscal Year
NJ	0	0	0
FL	0	1	0
PA	0	0	1
TX	0	0	0
Total	0	1	1

Attached as Exhibit F to this disclosure document is a list of the names, addresses and telephone numbers of our current franchised businesses, and the names and city, state and last known business telephone number of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the previous fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Please note that Exhibit F is current as of the issuance date of this Disclosure Document, while the tables above reflect the status of our outlets at the end of our prior fiscal year. Any discrepancies between Exhibit F and the Item 20 tables are due to events that have occurred in the intervening period.

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business. There are no trademark-specific franchisee organizations associated with the Lice Lifters System.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit D is a copy of our audited, fiscal-year-end financials for December 31, 2023, December 31, 2022, and December 31, 2021. Exhibit D also includes our unaudited financial statements, as of May 15, 2024. Our fiscal year ends is December 31.

ITEM 22

CONTRACTS

The Lice Lifters Franchise Agreement (with exhibits) is attached as Exhibit E. The Franchise Disclosure Questionnaire is attached as Exhibit F.

ITEM 23

RECEIPTS

A receipt in duplicate is attached to this disclosure document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Lice Lifters Franchising, LLC, 280 Gossett Road, Spartanburg, South Carolina 29307.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

California

Department of Financial
Protection and Innovation
320 West 4th Street
Suite 750
Los Angeles, California 90013
1-866-275-2677

Florida

Florida Department of Agriculture &
Consumer Services
Division of Consumer Affairs
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800

Hawaii

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer
Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

Indiana

Secretary of State
Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913

Minnesota

Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101-3165

Nebraska

Department of Banking and Finance
1200 N Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

New York

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
Tel: 212-416-8222

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903

South Dakota

Division of Securities
c/o 118 West Capitol
Pierre, South Dakota 57501

Texas

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033

Wisconsin

Franchise Registration Division
Office of the Wisconsin Commissioner of
Securities
101 East Wilson Street
Madison, Wisconsin 53702

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

California

Commissioner of Corporations
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer
Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois

Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

Indiana

Secretary of State
201 State House
Indianapolis, Indiana 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Department of Consumer and Industry Services
Corporation, Securities, and Land Dev't Bureau
6546 Mercantile Way
Lansing, Michigan 48910

Minnesota

Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-3165

Nebraska

Department of Banking and Finance
1200 N Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

New York

Secretary of State
99 Washington Avenue
Albany, New York 12231

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903

South Dakota

Division of Securities
c/o 118 West Capitol
Pierre, South Dakota 57501

Texas

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia

Clerk of the State Corporation Commission
1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033

Wisconsin

Department of Financial Institutions
Division of Securities
P.O. Box 1768
Madison, Wisconsin 5370

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932

LICE LIFTERS FRANCHISING, LLC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

(With Independent Auditors' Report Theron)

LICE LIFTERS FRANCHISING, LLC
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AND THE STATE OF NJ
*****REGULATED BY THE STATE OF NJ
*****REGULATED BY THE STATE OF NY
*****REGULATED BY THE STATE OF FL
AND THE STATE OF NC

INDEPENDENT AUDITORS' REPORT

To the Member's
Lice Lifters Franchising, LLC
Lafayette Hill, PA

Opinion

We have audited the accompanying financial statements of Lice Lifters Franchising, LLC (a Pennsylvania Limited Liability Company) which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of income, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Divine, Blalock, Martin & Sellari, LLC

**West Palm Beach, Florida
April 1, 2024**

LICE LIFTERS FRANCHISING, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

	ASSETS	
	2023	2022
Current Assets		
Cash and cash equivalents	\$ 18,820	\$ 45,910
Accounts receivable	3,810	1,692
Employee retention credit receivable	-	4,199
Due from Lice Lifters, LLC	15,700	15,700
Franchise fee receivable	55,000	-
Total Current Assets	93,330	67,501
Total Assets	\$ 93,330	\$ 67,501
LIABILITIES AND MEMBERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ 425	\$ -
Accrued interest expenses	686	18,323
Credit card payable	13,556	3,418
Deferred revenue - current portion	1,400	-
SBA (EIDL) loan - current portion	6,681	5,909
Total Current Liabilities	22,748	27,650
Long-Term Liabilities		
Deferred revenue - non-current portion	5,367	-
SBA (EIDL) loan - long term	343,319	344,091
Total Long-Term Liabilities	348,686	344,091
Total Liabilities	371,434	371,741
Members' Deficit		
Members' deficit	(278,104)	(304,240)
Total Members' Deficit	(278,104)	(304,240)
Total Liabilities and Members' Deficit	\$ 93,330	\$ 67,501

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenue		
Franchise revenue	\$ 63,000	\$ -
Royalty fees	27,729	23,196
Franchise license fees	233	-
Consulting fees	<u>-</u>	<u>382</u>
Total Revenues	<u>\$ 90,962</u>	<u>\$ 23,578</u>
Operating Expenses		
Advertising and marketing	12,920	13,428
Automobile expenses	663	209
Bank fees	150	310
Computer and internet	1,759	1,868
Meals and entertainment	69	354
Office expenses	2,418	11,552
Postages	119	1,403
Professional & consulting fees	9,246	14,986
Salaries and wages	-	4,926
Taxes and licenses	139	-
Telephone	3,310	1,374
Travel	<u>882</u>	<u>303</u>
Total Operating Expenses	<u>31,675</u>	<u>50,713</u>
Net Income (Loss) Before Other Income (Expenses)	<u>\$ 59,287</u>	<u>\$ (27,135)</u>
Other Income (Expenses)		
Other income - settlement	-	3,000
Other income	-	1,845
Interest expenses	<u>(13,126)</u>	<u>(13,125)</u>
Net Other Expenses	<u>(13,126)</u>	<u>(8,280)</u>
Net Income (Loss)	<u><u>\$ 46,161</u></u>	<u><u>\$ (35,415)</u></u>

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ (304,240)	\$ (244,462)
Member's distribution	(20,025)	(24,363)
Net income (loss)	<u>46,161</u>	<u>(35,415)</u>
Balance at December 31	<u><u>\$ (278,104)</u></u>	<u><u>\$ (304,240)</u></u>

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ 46,161	\$ (35,415)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
Depreciation	-	-
<i>Decrease (Increase) in operating assets:</i>		
Accounts receivable	(2,118)	4,433
Employee retention credit receivable	(50,801)	(1,845)
Due from Lice Lifters, LLC	-	(10,300)
<i>Increase (Decrease) in operating liabilities:</i>		
Accounts payable and accrued expenses	425	21,675
Credit card payable	10,138	2,945
Accrued interest payable	(17,637)	-
Deferred revenue	6,767	-
Net Cash (Used) in Operating Activities	<u>\$ (7,065)</u>	<u>\$ (18,507)</u>
Cash Flows From Financing Activities:		
Member's distribution	<u>(20,025)</u>	<u>(24,363)</u>
Net Cash (Used) in Financing Activities	<u>(20,025)</u>	<u>(24,363)</u>
Net (Decrease) in Cash and Cash Equivalents	(27,090)	(42,870)
Cash and Cash Equivalents at Beginning of Year	<u>45,910</u>	<u>88,780</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 18,820</u></u>	<u><u>\$ 45,910</u></u>

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

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 – BUSINESS ACTIVITY

Lice Lifters Franchising, LLC, a Pennsylvania Limited Liability Company, (“The Company”) was formed on February 17, 2011. The Company offers franchising opportunities of Lice Lifters treatment centers specializing in the removal of head lice to potential franchisees. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Lice Lifters Franchising, LLC.

Affiliates

Lice Lifters, LLC - a Pennsylvania Limited Liability Company, was formed on January 14, 2010. Lice Lifters LLC owns federal trademark registrations for the LICE LIFTERS word mark, and has licensed Lice Lifters Franchising, LLC the right to use the Proprietary Marks, and to sublicense them to Lice Lifters franchisees.

Lice Lifters Florida, LLC - a Florida Limited Liability Company, was formed on January 11, 2012, and operates 2 businesses similar to the business being offered. This company is owned by the members of Lice Lifters Franchising, LLC.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of year-end, any balances that are considered to be uncollectible. Bad debts amounted to \$0 for the years ended December 31, 2023 and 2022, respectively.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense amounted to \$12,920 and \$13,428 for the years ended December 31, 2023 and 2022, respectively.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the periods ended December 31, 2023, and 2022, respectively.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2023, and 2022, respectively.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and brand fund fees on a weekly and monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- *Copy of our proprietary operations manual.*
- *Provide you with access to prototype design plans, specifications, décor and layout for the business.*
- *Provide initial training program and provide 1 to 4 days of on-site pre-opening and opening supervision and assistance at the Treatment Center.*

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Fair Value of Financial Assets and Liabilities, continued

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Accounting Pronouncements

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. Effective January 1, 2022, the Company adopted the new lease standard. At December 31, 2023, the Company had no lease agreements in place. The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 – EMPLOYEE RETENTION CREDIT

During the years December 31, 2023, and 2022, respectively, the organization computed and recognized \$0 and \$4,199 in payroll expenses under the Employee Retention Credit (ERC) government program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 – PREPAID EXPENSES

Prepaid expenses represent costs incurred to perform the pre-opening assistance obligations included in the franchise disclosure document. This includes commissions, advertising fees, and misc. costs. These costs are recognized when Franchisees open their doors or when the franchisee closed operations. The amounts deferred at December 31, 2023 and 2022 was \$0.

NOTE 5 – DEFERRED REVENUE

Deferred revenue represents a liability for the unearned portion of the initial franchise fee for services to be provided by the Company but have not yet been performed. The amounts deferred as December 31, 2023 and 2022, were \$6,767 and \$0 respectively.

NOTE 6 – LONG-TERM DEBT

(a) SBA (EIDL) Loan

On June 22, 2020 the Company received an Economic Injury Disaster Loan (EIDL) through the SBA pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”) of \$47,700. Then on August 17, 2021 the Company received an additional \$302,300, increasing the total EIDL amount to \$350,000. The note payable has interest of 3.75%, which will accrue from the date received. Payments will be made in 360 monthly principal and interest payments beginning 24 months from the date of the original note. The SBA has extended the payment deferral to 30 months from the date of the original note for existing COVID-19 EIDL borrowers.

Long-term debt consisted of the following at December 31, 2023:

SBA (EIDL) Loan	\$ 350,000
Less: Current portion	<u>6,681</u>
Long-term notes payable	<u>\$ 343,319</u>

The maturities of long-term debt as of December 31, 2023 are as follows:

2024	\$ 6,681
2025	6,936
2026	7,201
2027	7,475
2028 and thereafter	<u>321,707</u>
Total	<u>\$ 350,000</u>

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7 – RELATED PARTY TRANSACTIONS

The company has a license agreement with Lice Lifters, LLC, a single member LLC with common ownership. Lice Lifters, LLC is the owner of the rights, title and interest in the trademark, trade name, service marks, trade dress and design associated with “Lice Lifters.” The agreement licenses the use of the mark by the company in operation of treatment centers, sales of franchises, manufacturing and sales of Lice Lifters branded products and to develop new trademarks. The company has a worldwide license to use the property and marks free of royalties. At December 31, 2023 and 2022, respectively, the related party amount due from Lice Lifters, LLC to Lice Lifters Franchising, LLC for rent expenses paid on behalf of Lice Lifters, LLC \$15,700 and \$15,700, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

NOTE 9 – SUBSEQUENT EVENTS

The Company’s management has performed subsequent events procedures through April 1, 2024, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

LICE LIFTERS FRANCHISING, LLC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

with

INDEPENDENT AUDITOR'S REPORT THEREON

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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WILBUR F. DIVINE, IV, CPA (1925-1989)
JAMES A. BLALOCK, CPA (1914-1996)
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THE STATE OF TN
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AND THE STATE OF NY
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AND THE STATE OF NJ
*****REGULATED BY THE STATE OF NJ
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*****REGULATED BY THE STATE OF FL
AND THE STATE OF NC

INDEPENDENT AUDITOR'S REPORT

To the Member's
Lice Lifters Franchising, LLC
Lafayette Hill, PA

Opinion

We have audited the accompanying financial statements of Lice Lifters Franchising, LLC (a Pennsylvania Limited Liability Company) which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lice Lifters Franchising, LLC as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Divine, Blalock, Martin & Sellari, LLC

**West Palm Beach, Florida
March 24, 2023**

LICE LIFTERS FRANCHISING, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

	ASSETS	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 45,910	\$ 88,780
Accounts receivable	1,692	6,125
Employee retention credit receivable	4,199	2,354
Due from Lice Lifters, LLC	<u>15,700</u>	<u>15,700</u>
Total Current Assets	<u>67,501</u>	<u>112,959</u>
Total Assets	<u><u>\$ 67,501</u></u>	<u><u>\$ 112,959</u></u>
 LIABILITIES AND MEMBER'S DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 6,948
Credit card payable	3,418	473
Current portion of long-term debt	<u>5,909</u>	<u>6,517</u>
Total Current Liabilities	9,327	13,938
Long-Term Liabilities		
Interest accrued on long term debt	18,323	-
Long-term debt, net of current portion	<u>344,091</u>	<u>343,483</u>
Total Liabilities	<u>371,741</u>	<u>357,421</u>
Member's Deficit		
Member's deficit	<u>(304,240)</u>	<u>(244,462)</u>
Total Member's Deficit	<u>(304,240)</u>	<u>(244,462)</u>
Total Liabilities and Member's Deficit	<u><u>\$ 67,501</u></u>	<u><u>\$ 112,959</u></u>

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenue		
Franchise license fees	\$ -	\$ 22,438
Marketing fund fee	-	3,419
Royalty fees	23,196	25,416
Consulting fees	<u>382</u>	<u>-</u>
Total Revenues	23,578	51,273
Operating Expenses		
Advertising and marketing	13,428	14,175
Automobile expenses	209	1,522
Bank fees	310	567
Commissions	-	4,937
Computer and internet	1,868	3,154
Insurance	-	2,234
Meals and entertainment	354	576
Office expenses	11,552	5,573
Postages	1,403	980
Professional & consulting fees	14,986	16,197
Repairs and maintenance	-	866
Salaries and wages	4,926	33,074
Taxes and licenses	-	435
Telephone	1,374	171
Travel	303	1,000
Utilities	<u>-</u>	<u>2,879</u>
Total Operating Expenses	<u>50,713</u>	<u>88,340</u>
Net Loss Before Other Income (Expenses)	<u>\$ (27,135)</u>	<u>\$ (37,067)</u>
Other Income (Expenses)		
Other income - Settlement	3,000	-
Other income - PPP loan forgiveness	-	26,524
Other income	1,845	-
Interest expenses	<u>(13,125)</u>	<u>(7,024)</u>
Net Other Income (Expenses)	<u>(8,280)</u>	<u>19,500</u>
Net Loss	<u><u>\$ (35,415)</u></u>	<u><u>\$ (17,567)</u></u>

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF CHANGES IN MEMBER'S DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ (244,462)	\$ (74,698)
Member's distribution	(24,363)	(152,197)
Net loss	<u>(35,415)</u>	<u>(17,567)</u>
Balance at December 31	<u><u>\$ (304,240)</u></u>	<u><u>\$ (244,462)</u></u>

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

LICE LIFTERS FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Net loss	\$ (35,415)	\$ (17,567)
<i>Adjustments to reconcile net loss to net cash used in operating activities:</i>		
PPP loan forgiveness	-	(26,524)
<i>Decrease (Increase) in operating assets:</i>		
Accounts receivable	4,433	(4,100)
Deferred expenses	-	4,937
Employee retention credit receivable	(1,845)	(2,354)
Due from Lice Lifters, LLC	(10,300)	(10,300)
<i>Increase (Decrease) in operating liabilities:</i>		
Accounts payable and accrued expenses	21,675	3,695
Credit card payable	2,945	(10,629)
Deferred franchise revenue	-	(13,688)
Net Cash (Used) in Operating Activities	<u>(18,507)</u>	<u>(76,530)</u>
Cash Flows From Financing Activities:		
Proceeds from new borrowings - EIDL Loan	-	302,300
Proceeds from new borrowings - PPP Loan	-	14,657
Member's distribution	(24,363)	(152,197)
Net Cash Provided by (Used) in Financing Activities	<u>(24,363)</u>	<u>164,760</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,870)	88,230
Cash and Cash Equivalents at Beginning of Year	<u>88,780</u>	<u>550</u>
Cash and Cash Equivalents at End of Year	<u>\$ 45,910</u>	<u>\$ 88,780</u>

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

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – BUSINESS ACTIVITY

Lice Lifters Franchising, LLC, a Pennsylvania Limited Liability Company, (“The Company”) was formed on February 17, 2011. The Company offers franchising opportunities of Lice Lifters treatment centers specializing in the removal of head lice to potential franchisees. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Lice Lifters Franchising, LLC.

Affiliates

Lice Lifters, LLC, a Pennsylvania Limited Liability Company, was formed on January 14, 2010. Lice Lifters LLC owns federal trademark registrations for the LICE LIFTERS word mark, and has licensed Lice Lifters Franchising, LLC the right to use the Proprietary Marks, and to sublicense them to Lice Lifters franchisees.

Lice Lifters Florida, LLC, a Florida Limited Liability Company, was formed on January 11, 2012, and operates 2 businesses similar to the business being offered. This company is owned by the members of Lice Lifters Franchising, LLC.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable and Bad Debts

Customer accounts receivable are stated at the amount management expects to collect on balances. The Company uses the direct write-off method for bad debts; management closely monitors outstanding balances and writes off, as of year-end, any balances that are considered to be uncollectible. Bad debts amounted to \$0 for the years ended December 31, 2022, and, 2021, respectively.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense amounted to \$13,428 and \$14,175 for the years ended December 31, 2022, and, 2021, respectively.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in these financial statements.

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the periods ended December 31, 2022, and 2021, respectively.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2022, and 2021, respectively.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Reclassifications

Certain balances from the 2021 audited financial statements have been reclassified to conform to the 2022 financial statement presentation. Such reclassifications had no effect on the reported net income for the year ended December 31, 2021.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer
- Identify the performance obligation in the contract
- Determine the transaction price
- Allocate the transaction price to performance obligations
- Recognize revenue when (or as) each performance obligation is satisfied

In 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation if the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalties and brand fund fees on a weekly and monthly basis, which are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- Copy of our proprietary operations manual.
- Provide you with access to prototype design plans, specifications, décor and layout for the business.
- Provide initial training program and provide 1 to 4 days of on-site pre-opening and opening supervision and assistance at the Treatment Center.

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Fair Value of Financial Assets and Liabilities continued

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Accounting Pronouncements

In February 2016, the FASB issued a new accounting standard on leases. The new standard, among other changes, will require lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases. The lease liability will be measured at the present value of the lease payments over the lease term. The right-of-use asset will be measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee's initial direct costs (e.g., commissions). The new standard is effective for annual reporting periods beginning after December 15, 2021, including interim reporting periods within those annual reporting periods. The adoption will require a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest period presented. Effective January 1, 2022, the Company adopted the new lease standard. At December 31, 2022, the Company had no lease agreements in place. The Company does not believe that any other recently issued but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

NOTE 3 – EMPLOYEE RETENTION CREDIT

During the years December 31, 2022, and 2021, respectively, the organization computed and recognized \$4,199 and \$2,354 in payroll expenses under the Employee Retention Credit (ERC) government program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – DEFERRED EXPENSES

Deferred expenses represent expenses paid to assist franchisee's in getting their business open. This includes commissions, advertising fees, and misc. costs. These costs are recognized when Franchisees open their doors or when the franchisee closed operations. The amounts deferred at December 31, 2021 was \$0.

NOTE 5 – DEFERRED REVENUE

Deferred revenue represents a liability for the unearned portion of the initial franchise fee for services to be provided by the Company but have not yet been performed. The amounts deferred as December 31, 2022, and 2021, was \$0 for both years.

NOTE 6 – LONG-TERM DEBT

(a) PPP Loan Payable

On May 22, 2020, the Company received a loan of \$11,687 from WebBank under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA") pursuant to the Coronavirus Air, Relief and Economic Security Act ("Cares Act"). The note payable has an interest rate of 1% with monthly principal and interest payments beginning September 2021 and maturing on May 22, 2022.

On March 17, 2021, the Company received a second draw of \$14,657 from WebBank under the Paycheck Protection Program ("PPP") administered by the Small Business Administration ("SBA") pursuant to the Coronavirus Air, Relief and Economic Security Act ("Cares Act"). The note payable has an interest rate of 1% with monthly principal and interest payments beginning in December 2021 and maturing on March 13, 2022. Under the PPP, the borrower may qualify for partial or full loan forgiveness. On June 10, 2020 the AICPA issued guidance TQA 3200.18, *Borrower Accounting for a Forgivable Loan Received Under the Small Business Administration Paycheck Protection Program*.

In October, 2021, the Company received notification from the SBA that the Company's forgiveness application had been approved for the full amount of the loans. For the year ended December 31, 2021, the Company recognized \$0 and \$26,524 as other income on the forgiveness of income related to the PPP loan as of December 31, 2022, and December 31, 2021, respectively.

(b) SBA (EIDL) Loan

On June 22, 2020 the Company received an Economic Injury Disaster Loan (EIDL) through the SBA pursuant to the Coronavirus Air, Relief and Economic Security Act ("Cares Act") of \$47,700. Then on August 17, 2021 the Company received an additional \$302,300, increasing the total EIDL amount to \$350,000. The note payable has interest of 3.75%, which will accrue from the date received. Payments will be made in 360 monthly principal and interest payments beginning 24 months from the date of the original note. The SBA has extended the payment deferral to 30 months from the date of the original note for existing COVID-19 EIDL borrowers. As of December 31, 2022, payments were not due and payments are scheduled to begin in January 2023.

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

Long-term debt consisted of the following at December 31, 2022:

SBA (EIDL) Loan	\$ 350,000
Less: Current portion	5,909
Long-term notes payable	<u>\$ 344,091</u>

The maturities of long-term debt as of December 31, 2022 are as follows:

2023	\$ 5,909
2024	6,681
2025	6,936
2026	7,201
2027	7,475
2028 and thereafter	315,798
Total	<u>\$ 350,000</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The company has a license agreement with Lice Lifters, LLC, a single member LLC with common ownership. Lice Lifters, LLC is the owner of the rights, title and interest in the trademark, trade name, service marks, trade dress and design associated with “Lice Lifters.” The agreement licenses the use of the mark by the company in operation of treatment centers, sales of franchises, manufacturing and sales of Lice Lifters branded products and to develop new trademarks. The company has a worldwide license to use the property and marks free of royalties. At December 31, 2022, and, 2021 respectively, the related party amount due from Lice Lifters, LLC to Lice Lifters Franchising, LLC for rent expenses paid on behalf of Lice Lifters, LLC \$15,700 and \$15,700, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

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

NOTE 9 – CERTAIN OPERATING MATTERS

The Company’s financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company has a members’ deficit of approximately \$304,240 and \$244,462 and a net operating loss of approximately \$35,415 and \$17,567 for the years ended December 31, 2022, and, 2021, respectively. Recognizing, the Company offers the following as events leading to the financial condition of the company as well as steps to sustain operations:

LICE LIFTERS FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 - CERTAIN OPERATING MATTERS, (CONTINUED)

- The corona virus epidemic required shut down of schools, public gatherings etc. which significantly decreased Lice Lifters revenue & clientele. Schools are back full-time and all restrictions have now been lifted.
- Several franchisee locations went out of business during & after the pandemic. Lice Lifters Franchising didn't pursue settlement agreements etc. as they were trying to cut down on expenses.
- Management feels that the need for lice treatment is now back to 90% of pre-pandemic and expect to sign and open several centers in 2023. A new franchisee was just signed in March 2023 prior to the audit report date March 24, 2023, and another is expected to sign in April 2023.

Management has determined that these factors alleviate the going concern uncertainty.

NOTE 10 - SUBSEQUENT EVENTS

The Company's management has performed subsequent events procedures through March 24, 2023, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

5:42 PM
07/19/24
Cash Basis

Lice Lifters Franchising, LLC
Balance Sheet
As of May 15, 2024

	May 15, 24
ASSETS	
Current Assets	
Checking/Savings	
Wells Fargo #6735	25,046.92
Wells Fargo #9489	6,130.80
Total Checking/Savings	31,176.72
Total Current Assets	31,176.72
Other Assets	
Due From Lice Lifters Dist. LLC	11,360.72
Due From Lice Lifters, LLC	15,300.96
Total Other Assets	26,661.68
TOTAL ASSETS	57,838.40
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
WELLS FARGO BUSINESS CARD	8,864.89
Total Credit Cards	8,864.89
Total Current Liabilities	8,864.89
Long Term Liabilities	
SBA Loan	350,000.00
Total Long Term Liabilities	350,000.00
Total Liabilities	358,864.89
Equity	
Draws	
M. Barrack	-15,694.07
Total Draws	-15,694.07
Partners' Equity	
M. Barrack	-341,661.16
M. Byars	425.00
Total Partners' Equity	-341,236.16
Net Income	55,903.74
Total Equity	-301,026.49
TOTAL LIABILITIES & EQUITY	57,838.40

No assurance is provided on these financial statements.

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These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

5:44 PM
07/19/24
Cash Basis

Lice Lifters Franchising, LLC
Profit & Loss
January 1 through May 15, 2024

	Jan 1 - May 15, 24
Ordinary Income/Expense	
Income	
Franchise Fee	71,031.84
Royalty and marketing	19,501.99
Total Income	90,533.83
Expense	
Advertising and Promotion	
Marketing	3,428.47
Total Advertising and Promotion	3,428.47
Automobile Expense	480.84
Computer and Internet Expenses	429.90
Interest Expense	11,000.00
Licenses	329.50
Merchant Fees	99.60
Office Supplies	2,307.31
Postage	23.42
Professional Fees	
Accounting Fees	5,135.50
Legal Fees	9,400.00
Professional Fees - Other	1,050.00
Total Professional Fees	15,585.50
Telephone Expense	1,089.91
Travel Expense	235.80
Total Expense	35,010.25
Net Ordinary Income	55,523.58
Other Income/Expense	
Other Income	
Interest Income	0.16
Other income	380.00
Total Other Income	380.16
Net Other Income	380.16
Net Income	55,903.74

No assurance is provided on these financial statements.

Page 1

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT

LICE LIFTERS FRANCHISE AGREEMENT

**LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into on _____, 20__, by and between Lice Lifters Franchising, LLC, a Pennsylvania limited liability company with its principal place of business at 280 Gossett Road, Spartanburg, South Carolina 29307 (“Franchisor”), and _____, a _____ with its principal place of business at _____ (“Franchisee”).

RECITALS:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system relating to the establishment and operation of lice removal treatment centers that offer lice detection and removal services and offer for sale Lice Lifters™ Branded Products that assist with, or otherwise relate to, the removal and treatment of lice, and such other products and services as Franchisor may designate from time-to-time, under the trade name “Lice Lifters®,” all of which Franchisor may change from time-to-time (the “System”);

WHEREAS, the distinguishing characteristics of the System include, without limitation: distinctive exterior signage, décor, graphics displays, fixtures, and furnishings; uniform standards and specifications; training and assistance; and marketing and promotional materials; all of which may be changed, improved and further developed by Franchisor from time-to-time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, “Lice Lifters®” as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (collectively, the “Proprietary Marks”);

WHEREAS, Franchisor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance, and service;

WHEREAS, Franchisor has the right to grant sublicenses to certain proprietary technology relating to methods of treating lice, including but not limited to certain trade secrets and know-how (collective, the “Proprietary Technology”);

WHEREAS, Franchisor sells proprietary lice removal products (which may include, without limitation, lice treatment solution, lice prevention spray and mousse, and lice comb) under the trade name “Lice Lifters” (“Lice Lifters™ Branded Products”), and franchisees under the System are required to offer and sell Lice Lifters™ Branded Products from their franchised business;

WHEREAS, Franchisee desires to enter into the business of operating a Lice Lifters® lice removal treatment center under Franchisor’s System, Proprietary Technology, and Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, agree as follows:

1. GRANT

1.1. Grant of Franchise. Franchisor grants to Franchisee the right, and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a single Lice Lifters[®] business under the Proprietary Marks, the Proprietary Technology, and the System (the “Lice Lifters[®] Treatment Center,” “Treatment Center” or “Franchised Business”), and to use the Proprietary Marks, the Proprietary Technology, and the System, as they may be changed and improved from time-to-time at Franchisor’s sole discretion, solely in connection therewith and only at the location described in Section 1.2 hereof.

1.2. Approved Location. Franchisee shall operate the Lice Lifters[®] Treatment Center only at a location approved by Franchisor (the “Approved Location”). If known at the time of execution of this Agreement, the exact street address of the Approved Location is set forth in Exhibit A attached hereto. If, at the time of execution of this Agreement, a location for the Lice Lifters Treatment Center has not been both obtained by Franchisee and approved by Franchisor, Franchisee shall execute the Site Selection Addendum attached hereto as Exhibit B, which requires Franchisee to lease or acquire a location approved by Franchisor within ninety (90) days after the date of this Agreement. Franchisee may relocate the Lice Lifters[®] Treatment Center within the Franchisee’s Territory only upon Franchisor’s prior written consent. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation and shall have the right to approve the new location.

1.3. Franchisee’s Territory. Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, or license any other person to establish or operate, a Lice Lifters[®] business under the System, the Proprietary Technology, and the Proprietary Marks at any location within the territory described in Exhibit A attached hereto (“Franchisee’s Territory”). Notwithstanding the foregoing, Franchisor and its affiliates retain the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

- 1.3.1. To establish and operate, and license others to establish and operate, a Lice Lifters[®] business under the System, the Proprietary Technology, and the Proprietary Marks at any location outside Franchisee’s Territory, notwithstanding the proximity to Franchisee’s Territory or the Approved Location;
- 1.3.2. To sell to, solicit, or direct advertising or promotional materials to customers or prospective customers located in Franchisee’s Territory;
- 1.3.3. To establish or acquire and operate any business of any kind, which may offer the same products and services as the Franchised Business, under different proprietary marks at any location, whether located within or outside Franchisee’s Territory and notwithstanding such business’s proximity to Franchisee’s Territory or Approved Location, or its actual or threatened impact on sales at the Franchised Business;
- 1.3.4. To offer, sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, within and outside Franchisee’s Territory, any products or services, including Lice Lifters[™] Branded Products and other products and services sold at the Lice Lifters[®] Treatment Center, from any location other than a Lice Lifters[®] business, including, but not limited to, sales made at or through retail or wholesale stores, pharmacies, supermarkets, grocery

stores, convenience stores, temporary locations, portable carts, kiosks or trailers, catalogs, mail order, or electronic means (for example, the Internet); and

- 1.3.5. Within and outside Franchisee's Territory, and notwithstanding any other provision hereof, to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by Franchisee under the System, the Proprietary Technology, and Proprietary Marks.

1.4. RESERVED.

1.5. Alternate Channels of Distribution. Franchisee shall offer and sell products and services only from the Lice Lifters® Treatment Center and only in accordance with the requirements of this Agreement and the procedures set forth in the Manual, as defined in Section 3.4 below. Franchisee shall not offer or sell products or services through any other means or locations, including, without limitation, those means and locations described in Section 1.3.4 above.

1.6. Supplementing the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time-to-time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products, services, or merchandise as specified by Franchisor.

2. TERM AND RENEWAL

2.1. Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be five (5) years from the date first above written, unless this Agreement is sooner terminated pursuant to its terms.

2.2. Renewal. Upon the expiration of the term of this Agreement, Franchisee may, subject to the following conditions, renew the rights under this Agreement for three (3) additional consecutive terms of five (5) years each. Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to such renewal:

- 2.2.1. Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than six (6) months nor more than twelve (12) months prior to the end of the then-current term;
- 2.2.2. Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the premises of the Lice Lifters® Treatment Center (the "Premises") as Franchisor may reasonably require, including, without limitation, installation of new equipment; renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System; and repair, replacement, and acquisition of specified fixtures and computer hardware and software;
- 2.2.3. Franchisee shall be compliant with the Franchisor's then current location requirement which may reasonably require including without limitation an evaluation of the existing location including general location and neighborhood, parking, traffic patterns, high street volume with clear and distinct signage, size of the building, population, and income levels of surrounding population.

- 2.2.4. Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates; and, in the reasonable judgment of Franchisor, Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof and operated the Lice Lifters® Treatment Center in compliance with the System as a whole;
- 2.2.5. Franchisee shall have satisfied all monetary obligations due and owed by Franchisee to Franchisor and its subsidiaries and affiliates, and shall have timely met those obligations throughout the term of this Agreement;
- 2.2.6. Franchisee shall have demonstrated, to Franchisor's reasonable satisfaction, a positive and constructive course of action aimed at enhancing the System and the Lice Lifters® brand and image through participation in local promotions, events, and programs, including meetings, trainings, and seminars, and effective use of merchandising techniques;
- 2.2.7. Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term or shall obtain Franchisor's approval, which may be withheld in Franchisor's sole discretion, of a new location for the Franchised Business for the duration of the renewal term;
- 2.2.8. Franchisee shall execute Franchisor's then-current form of franchise agreement, which shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including, without limitation, higher royalty fees, marketing contributions, or other fees, and a smaller or modified territory, except that Franchisee shall not be required to pay an initial franchise fee;
- 2.2.9. Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims, known or unknown, that Franchisee might have against Franchisor or its subsidiaries or affiliates, or their respective officers, directors, agents, or employees;
- 2.2.10. Franchisee shall comply with Franchisor's then-current qualification and training requirements;
- 2.2.11. Franchisee shall pay Franchisor a renewal fee of fifty (50%) percent of Franchisor's then-current initial franchisee fee and all other fees at the time of renewal; and
- 2.2.12. Franchisee shall be current with respect to its obligations to lessor, suppliers, and any others with whom Franchisee does business.

The provision of the standard franchise agreement in use by Franchisor at the time of renewal may be materially different than those contained in this Agreement, including, but not limited, to, provisions for increased royalties, minimum royalties, advertising, and other fees. Franchisee hereby acknowledges and agrees that Franchisee's right to renew this Agreement shall be contingent upon Franchisee's execution of the then-current form of franchise agreement, and acceptance of the new provisions thereof.

3. DUTIES OF FRANCHISOR

3.1. Specifications. Franchisor shall make available, at no charge to Franchisee, its standard specifications for a prototypical Lice Lifters® business, including fixtures, furnishings and interior and exterior signs. Franchisee acknowledges that such specifications may not contain the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the Americans with Disabilities Act or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such specifications be required to contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific business, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense.

3.2. Training. Franchisor shall provide training as set forth in Section 6 hereof.

3.3. On-Site Assistance. Franchisor shall provide one (1) to four (4) days (which may not be consecutive) of on-site, pre-opening and opening supervision and assistance at the Treatment Center. The number of days and timing of such assistance shall be at Franchisor's sole discretion. Franchisee may request additional days of on-site assistance, which Franchisor shall provide at its sole discretion. Franchisee shall be responsible for Franchisor's actual out-of-pocket costs and expenses incurred by Franchisor in connection with all on-site assistance, including, without limitation, the costs of transportation (business class travel), lodging, and meals. All costs and fees shall be payable to Franchisor upon receipt of invoice.

3.4. Manual. Franchisor shall provide Franchisee, on loan, one copy of Franchisor's confidential business operations manual (the "Manual"), as more fully described in Section 9 hereof.

3.5. Lice Lifters™ Branded Products. During the term of this Agreement, Franchisor or its affiliate will make available to Franchisee for sale, or designate or approve other suppliers who shall make available to Franchisee for sale, the Lice Lifters™ Branded Products or such replacement products as Franchisor may designate in the Manual or otherwise in writing from time-to-time.

3.6. Marketing Materials. Franchisor shall make available to Franchisee sample marketing and promotional materials at Franchisee's cost and expense as provided in Section 12.3 and Exhibit H.

3.7. Equipment. Franchisor shall provide to Franchisee a list of initial equipment for the Franchised Business available for purchase from Franchisor, its affiliate, or suppliers designated by Franchisor.

3.8. Ongoing Advice. After the Lice Lifters® Treatment Center opens, Franchisor shall provide to Franchisee from time-to-time, upon Franchisee's request and in Franchisor's sole discretion, at such time(s) and in such manner as determined by Franchisor, advice, assistance, and written materials in connection with Franchisee's operation of the Treatment Center, including, for example, advice about inventory, sales methods, new developments and improvements, new products, and marketing techniques.

3.9. Inspections. Franchisor shall conduct, as it deems advisable in its sole discretion, inspections of the Premises and Franchisee's operation of the Lice Lifters® Treatment Center at any time with or without notice to Franchisee as further described in Section 7.8 below.

3.10. Franchisor's Performance. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any affiliate, designee, employee, or agent of Franchisor, as Franchisor may direct.

4. FEES

4.1. Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee in the amount of Thirty-Five Thousand Dollars (\$35,000) as follows: (a) Seventeen Thousand Five Hundred Dollars (\$17,500) shall be paid on execution of this Agreement; and (b) Seventeen Thousand Five Hundred Dollars (\$17,500) shall be paid at the earlier of (i) thirty (30) days after execution of this Agreement, or (ii) the opening of the Franchised Business. The entire Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to enter into this Agreement with others. Payment of the full initial franchise fee shall be a condition to Franchisor's approval of the opening of the Franchised Business pursuant to Section 5.5. If Franchisee fails to timely pay the second installment of the Initial Franchise Fee, Franchisor shall have the right to terminate this Agreement pursuant to Section 15.3.2 hereof.

4.2. Royalty Fee. During the term of this Agreement, Franchisee shall pay to Franchisor a continuing royalty fee in an amount equal to seven percent (7%) of Gross Revenue. All royalty fees shall be paid to Franchisor in accordance with Section 4.6 below. If Franchisee does not report sales for any period, Franchisee shall pay 120% of the last Royalty Fee paid, and any over payment or under payment will be credited or charged to the next month's Royalty Fee. There is a minimum royalty that Franchisee must pay to Franchisor, regardless of the Gross Revenue realized. During the first twelve months of operating the Treatment Center, the minimum monthly royalty will be Five Hundred Dollars (\$500), and thereafter the minimum monthly royalty shall be Seven Hundred Fifty Dollars (\$750) (each independently and collectively hereinafter referred to as the "Minimum Royalty Fee"). "Gross Revenue" means all revenues generated from sales of all products and services conducted at, from or with respect to the Franchised Business, whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Revenue shall not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment or furnishings used in the operation of the Franchised Business, or any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority.

4.3 RESERVED.

4.4 Late Fees. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, a late fee in the amount of ten percent (10%) of the amount due. Entitlement to such late fee shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

4.5. Marketing Expenditures and Contributions. Franchisee shall make expenditures and contributions for marketing and promotion as specified in Section 12 hereof.

4.6. Payments. All payments to Franchisor required by Sections 4.2 and 12 hereof shall be paid monthly and shall be received by Franchisor no later than the fifth (5th) day of each month based on Franchisee's Gross Revenue from the prior month. All such payments shall be made by electronic funds transfer or direct deposit. Franchisor reserves the right to change the timing, frequency, and/or method of Franchisee's required payments hereunder in the Manual or otherwise in writing from time-to-time. Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until received by Franchisor, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by applicable law, whichever is less. In addition, Franchisee shall submit to Franchisor on a monthly basis, as required by Franchisor in the Manual or otherwise in writing from time-to-time, a monthly Gross Revenue report at the same time as royalty fees are paid. If any such report is not received when due, all payments owed by Franchisee for such time period shall be deemed overdue until such reports are received by Franchisor,

regardless of whether payment was actually made, and Franchisee shall be responsible for the applicable interest described in this Section 4.6. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor.

5. OPENING OF FRANCHISED BUSINESS

5.1. Construction. Before the initial opening of the Franchised Business, Franchisee shall renovate or construct, and equip, the Franchised Business at Franchisee's own expense. Before commencing any renovation or construction of the Franchised Business, Franchisee, at its expense, shall employ a qualified, licensed architect and/or engineer, who is reasonably acceptable to Franchisor, to prepare preliminary and final architectural drawings and specifications of the Premises. Such preliminary and final drawings and specifications shall be submitted to Franchisor for its prior written approval, which will not be unreasonably withheld. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisee or its contractor, at Franchisee's or its contractor's expense, shall obtain such insurance as described in Section 13.1 prior to commencement of construction of the Franchised Business. Franchisor has the right to oversee any renovation or construction and visit the site at any time to ensure compliance with Franchisor's specifications. Franchisor also has the right to require Franchisee to submit periodic progress reports in such form and at such times as Franchisor determines in its sole discretion.

5.2. Permits. Franchisor's approval of architectural plans and specifications submitted by Franchisee shall be limited to conformance with Franchisor's standard specifications and shall not relate to Franchisee's obligations with respect to any federal, state, or local laws, codes, or regulations, including without limitation the applicable provisions of the Americans With Disabilities Act regarding the construction, design and operation of the Lice Lifters® Treatment Center, which shall be Franchisee's sole responsibility. Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, certifications, and clearances required for the lawful construction and operation of the Treatment Center, including, but not limited to, certificates of occupancy and certificates of health, which may be required by federal, state or local laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Premises or required by the lessor.

5.3. Opening Deadline. Franchisee shall commence operation of the Franchised Business not later than ninety (90) days after the date of execution of this Agreement, if Franchisee has selected an approved site prior to the execution hereof. If Franchisee has executed the Site Selection Addendum, Franchisee shall have ninety (90) days to lease or acquire a location in accordance with Exhibit B hereto, and shall commence operation of the Franchised Business by the earlier of: (a) ninety (90) days after such location is approved by Franchisor; or (b) ten (10) days after construction is completed and Franchisee has obtained Franchisor's approval to open pursuant to Section 5.5 below. The parties agree that time is of the essence in the opening of the Franchised Business and that Franchisee's failure to open the Franchised Business within the time periods described in this Section 5.3 shall be considered a material breach and default under this Agreement and will entitle Franchisor to terminate this Agreement pursuant to Section 15 hereof and retain the non-refundable Initial Franchise Fee.

5.4. ADA Certification. Prior to opening the Lice Lifters® Treatment Center, and after any renovation, as described in Section 5.1 above, Franchisee shall execute and deliver to Franchisor an ADA Certification in the form attached to this Agreement as Exhibit C, to certify to Franchisor that the Lice Lifters® Treatment Center and any proposed renovations comply with the Americans With Disabilities Act.

5.5. Opening Approval. Franchisor shall have the right to inspect the Franchised Business prior to the opening of the Franchised Business to determine whether all construction has been substantially

completed, and that such construction conforms to Franchisor's standards and specifications, including, but not limited to, materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to first opening the Franchised Business, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Business for business. Unless Franchisor waives in writing the foregoing requirement, Franchisee shall not open the Franchised Business without the on-site presence of a representative of Franchisor, provided that Franchisor will not unreasonably delay the opening of the Franchised Business. In the event there is a change in the opening date of the Franchised Business, not caused by Franchisor, Franchisee shall reimburse Franchisor any actual out-of-pocket costs and expenses incurred by Franchisor due to such delay, including travel costs and expenses for Franchisor's representative(s).

6. TRAINING

6.1. Initial Training Program. At least thirty (30) days prior to the opening of the Lice Lifters® Treatment Center, the following individuals shall attend and successfully complete to Franchisor's satisfaction the initial training program for franchisees offered by Franchisor at a location designated by Franchisor (the "Initial Training Program"): (a) Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by Franchisee and approved by Franchisor); (b) a full-time manager of the Treatment Center if Franchisee will not manage the business; and (c) other employees who will perform lice removal procedures at the Treatment Center. Franchisor shall have the right to approve those persons who attend the Initial Training Program and to require fewer or additional persons to attend the Initial Training Program as Franchisor determines in its sole discretion. All training programs required by this Agreement shall be at such times and places as may be designated by Franchisor. In the event any manager fails to successfully complete the Initial Training Program, Franchisee must immediately replace the individual and have the replacement immediately attend the Initial Training Program at Franchisee's expense.

6.2. Consent to Call Recording, Call Tracking, and Conversation Intelligence. Franchisee hereby provides Franchisor general consent to utilize software and/or hardware for the purpose of call recording, call tracking, and conversation intelligence. Franchisor presently uses CallRail for this purpose. This consent shall survive throughout the entire term of this Agreement. During this time, Franchisor shall be permitted to record all of Franchisee's telephone calls with clients, customers, vendors, and other third-parties. Franchisee shall arrange for a message to be played when a customer, client, vendor or other third-party calls Franchisee's Treatment Center, which shall advise such client, customer, vendor or third-party that the telephone call may be recorded by Franchisor or Franchisee. Franchisee shall comply with any and all laws regarding the recording of telephone calls and take such steps so as to allow Franchisor to record such telephone calls. Franchisor shall also take such steps as necessary to notify Franchisee's employees that such recording is taking place.

6.3. Subsequent Employees. At Franchisor's option, any persons subsequently employed by Franchisee in the position of manager or other position as Franchisor determines in its sole discretion, shall, prior to the assumption of duties, also attend and complete to Franchisor's satisfaction the Initial Training Program, pay the then-current training fee designated in the Manual or otherwise in writing from time-to-time by Franchisor.

6.4. Additional Programs. Franchisee, Franchisee's manager and other employees who attend the Initial Training Program or are designated from time-to-time shall attend, at their expense, such additional courses, seminars and other training programs as Franchisor may reasonably require from time-to-time at such locations as Franchisor may designate.

6.5. Training Fee and Expenses. Franchisee will not be required to pay a training fee for the first four (4) individuals who attend the Initial Training Program. Franchisee shall pay the then-current training fee for any additional person who attends the Initial Training Program. Franchisee shall be responsible for any and all other expenses incurred by Franchisee or Franchisee's employees in connection with attending all training programs described in this Section 6, including, without limitation, the costs of transportation, lodging, meals, and wages.

7. DUTIES OF FRANCHISEE

7.1. Operating Standards. Franchisee understands and acknowledges that every detail of the System and the Franchised Business is important to Franchisee, Franchisor and other Lice Lifters® franchisees in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all franchised businesses operating under the System, to protect and enhance Franchisor's reputation and goodwill, to promote and protect the value of the Proprietary Marks, and other reasons.

7.2. Franchised Business Operations. Franchisee shall use the Premises solely for the operation of the business franchised hereunder; shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or otherwise directs from time-to-time; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time-to-time prescribe in the Manual or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

7.3. Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time-to-time prescribe in the Manual or otherwise in writing. Franchisee agrees:

- 7.3.1. To maintain in sufficient supply, as Franchisor may prescribe in the Manual or otherwise in writing, and to use at all times, only such products acquired from a supplier or suppliers designated or approved by Franchisor that conform to Franchisor's written standards and specifications, and such other products, materials, supplies, paper goods, cleaning products, fixtures, furnishings, equipment, and signs, as conform with Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent;
- 7.3.2. To sell or offer for sale only such products, merchandise, and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of products, merchandise, and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any products, merchandise, and services which Franchisor may, in its discretion, disapprove in writing at any time;
- 7.3.3. To purchase all products from suppliers as Franchisor approves and designates in the Manual or otherwise in writing from time-to-time; to purchase Lice Lifters™ Branded Products and such other products as Franchisor specifies from Franchisor, its affiliate, or other suppliers designated by Franchisor. Franchisee acknowledges

that the Lice LiftersTM Branded Products are essential to the operation of the Franchised Business.

7.3.3.1. Subject to any change in writing by the Franchisor, all orders of Lice Lifters Solution should be for five (5) cases or more. Franchisee shall always have in stock at the Franchised Business all required Lice LiftersTM Branded Products in sufficient supply to meet customer demand, or in such amounts as Franchisor directs in the Manual or otherwise in writing.

7.3.3.2. Franchisee agrees to pay Franchisor or its affiliate directly for all Lice LiftersTM Branded Products that Franchisee purchases from Franchisor or its affiliate at the prices set forth in Franchisor's then-current standard price list, which Franchisor may change from time-to-time in its sole discretion.

7.3.3.3. Franchisee agrees to pay Franchisor or its affiliate for all Lice LiftersTM Branded Products that Franchisee purchases from Franchisor or its affiliate prior to delivery and shall pay by credit card or such other methods as authorized by Franchisor in the Manual or otherwise in writing from time-to-time. Franchisee acknowledges and agrees that if Franchisee fails to make any payment in full to Franchisor or its affiliate when due under this Agreement, Franchisor or its affiliate reserves the right, among other remedies, to suspend or refuse shipment to Franchisee of the ordered Lice LiftersTM Branded Products or any other product which Franchisor or its affiliate is providing to Franchisee pursuant to this Agreement, until such payment has been made.

7.3.4. To sell all products hereunder at retail and not sell such products at wholesale or for resale, and to refrain from selling any products or services at any location other than the Approved Location;

7.3.5. To use, in the operation of the Treatment Center, such standards, specifications, and procedures as prescribed by Franchisor;

7.3.6. To refrain from selling or advertising any products, merchandise, or services hereunder on the Internet without Franchisor's prior, written approval;

7.3.7. To refrain from installing or permitting to be installed any vending machine, game, or coin-operated device, unless specifically approved in writing, in advance, by Franchisor; and

7.3.8. To offer and sell all products and services at or from the Premises and from no other location; provided, however, that Franchisee shall be permitted to offer and sell head-check services at schools, day care centers, private homes, and other customer locations in accordance with the procedures and guidelines set forth in the Manual or otherwise in writing from time-to-time.

7.4. Fixtures, Furnishings, and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, facsimile machine, telephone(s), computer, printer, and cash register or point-of-sale recording system), décor, and signs, as Franchisor may reasonably direct from time-to-time, and shall refrain from installing or permitting to be

installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting Franchisor's standards and specifications. Franchisee shall purchase the point-of-sale computer system(s) solely from Franchisor or such other sources as Franchisor designates in the Manual or otherwise in writing from time-to-time.

7.5. Sources of Products. All products sold or offered for sale at the Franchised Business, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used at the Franchised Business, shall meet Franchisor's then-current standards and specifications, as established in the Manual or otherwise in writing. Franchisee shall purchase all supplies, materials, and other products and equipment used or offered for sale at the Franchised Business for which Franchisor has established standards or specifications, solely from Franchisor, its affiliates, and other suppliers (including distributors and other sources) designated by Franchisor that demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manual or otherwise in writing. Franchisor reserves the right to require Franchisee to purchase any or all approved products, equipment, and merchandise solely from Franchisor or an affiliate of Franchisor. Except for Lice LiftersTM Branded Products, which must be purchased from Franchisor or its affiliate, if Franchisee desires to purchase products from a party other than an approved supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. Franchisor shall use its best efforts, within thirty (30) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Franchisee shall not sell or offer for sale any products of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time-to-time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale. Nothing in the foregoing shall be construed to require Franchisor to make available to prospective suppliers standards and specifications that Franchisor, in its sole discretion, deems confidential.

7.6. RESERVED.

7.7. Inventory. At the time the Franchised Business opens, Franchisee shall stock the initial inventory of products, accessories, equipment, and supplies as prescribed by Franchisor in the Manual or otherwise in writing, including, but not limited to, Lice LiftersTM Branded Products. All Product Orders ("POs") need to be in writing in electronic mail to both the President and Chief Operating Officer and another staff member of the Franchisor. All POs will require notice for 48 business hours before being processed. Thereafter, Franchisee shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand and as required by Franchisor in the Manual or otherwise in writing from time-to-time. Franchisee agrees to immediately notify Franchisor if an approved supplier substitutes an unapproved product in place of an approved product. All inventory shall be recorded and maintained on a computerized inventory system approved by the Franchisor in the Franchisor's sole discretion.

7.8. Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time, with or without notice, for the purpose of conducting inspections. In connection with such

inspections, Franchisor shall have the right to speak with Franchisee or any employee of Franchisee; take samples; take photographs or make audio or video recordings; and conduct such other activities as it deems appropriate in its sole discretion. Franchisee and its employees shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Franchisor's right of inspection hereunder does not depend on or require the presence of Franchisee, and Franchisee is not obligated to be present at such inspections. If deficiencies are detected during any inspection, and Franchisor subsequently conducts a re-inspection in its sole discretion, Franchisee shall be responsible for Franchisor's costs and expenses of such re-inspection.

7.9. Advertising and Promotional Materials. Franchisee shall ensure that all graphics, signs, advertising and promotional materials, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.10. Maintenance of Premises. Franchisee shall maintain the Premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and décor as Franchisor may reasonably direct.

7.11. Refurbishment. Franchisor reserves the right to require Franchisee to refurbish the Premises up to once every five (5) years hereunder, at Franchisee's expense, to conform to the Premises design, trade dress, and presentation of the Proprietary Marks in a manner consistent with the then-current image of new Lice Lifters® businesses. Such refurbishment may include, without limitation, structural changes, installation of new equipment, remodeling, redecoration and modifications to existing improvements.

7.12. On-Premises Supervision. The Lice Lifters® Treatment Center shall at all times be under the direct, on-premises supervision of Franchisee, Franchisee's principal, Franchisee's manager, or another individual who has satisfactorily completed the Initial Training Program, and who Franchisor reserves the right to approve in its sole discretion. Franchisees must have at least 2 or more Lice Technicians in the Treatment Center at all times between 9:00 AM and 5:00 PM, Monday to Friday. If the Franchisee Owner is on staff between those hours, he or she counts as one staff member. Franchisee shall maintain a competent, conscientious, trained staff, including a manager who has completed the Initial Training Program. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards, including, without limitation, such attire as Franchisor reasonably requires, as Franchisor may establish from time-to-time in the Manual. Franchisee and its employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Sites (as defined in Section 8.7 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Site that is inconsistent with such policies. Franchisee shall be solely responsible for all employment decisions and functions of the Lice Lifters® Treatment Center, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

7.13. Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify

Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee.

7.14. Compliance With Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Treatment Center; shall promptly furnish Franchisor a copy of its lease, upon request; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

7.15. Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor immediately upon the receipt thereof, a copy of all health inspection reports and any violation or citation which indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the Franchised Business. Franchisee's failure to cure such violations within forty-eight (48) hours shall constitute grounds for immediate termination pursuant to Section 15.3.5 herein. Franchisor shall also have the right, but not the obligation, to enter the Premises, without notice, to cure any health or safety violation at the Franchised Business and require Franchisee to reimburse Franchisor for all out-of-pocket costs and expenses incurred by Franchisor to effect such cure.

7.16. Pricing. Franchisor shall have the right to determine the prices of the products and services offered and sold by Franchisee. Franchisor also shall have the right to establish minimum prices and/or maximum prices of the products and services offered and sold by Franchisee. Franchisee shall strictly adhere to the prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time-to-time in its reasonable discretion.

8. PROPRIETARY MARKS AND TECHNOLOGY

8.1. Ownership of Proprietary Marks. Franchisee expressly understands and acknowledges that:

- 8.1.1. Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;
- 8.1.2. The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;
- 8.1.3. Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks;
- 8.1.4. During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's ownership of, or Franchisor's right to use and to license others to use, the Proprietary Marks;
- 8.1.5. Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

- 8.1.6. Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;
- 8.1.7. Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products, merchandise, and services; (b) to grant other licenses for the Proprietary Marks; (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks; and (d) to grant licenses thereto without providing any rights therein to Franchisee.
- 8.1.8. Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith. Franchisee's use of any such modified or substituted proprietary marks shall be governed by the terms of this Agreement to the same extent as the Proprietary Marks.

8.2. Franchisee's Use of Proprietary Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

- 8.2.1. Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor;
- 8.2.2. Franchisee shall use the Proprietary Marks only for the operation of the Lice Lifters[®] Treatment Center and only at the Approved Location, or in advertising or promotional materials for the Lice Lifters[®] Treatment Center used at or conducted from the Approved Location;
- 8.2.3. Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Lice Lifters[®] Treatment Center only under the name "Lice Lifters[®]" and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;
- 8.2.4. During the term of this Agreement, and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;
- 8.2.5. Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute

an infringement of Franchisor's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

- 8.2.6. Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;
- 8.2.7. Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;
- 8.2.8. Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and
- 8.2.9. Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.3. Ownership of Proprietary Technology. With respect to the ownership of the Proprietary Technology, Franchisee agrees that:

- 8.3.1. Lice Lifters LLC is the owner of all right, title, and interest in and to the Proprietary Technology, including any and all improvements made thereto by Franchisor, by Franchisee, or by Franchisor together with Franchisee;
- 8.3.2. During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of Franchisor's Proprietary Technology or Franchisor's ownership thereof;

- 8.3.3. Franchisee's use of the Proprietary Technology does not give Franchisee any ownership interest or other interest in or to the Proprietary Technology;

8.4. Franchisee's Use of Proprietary Technology. With respect to Franchisee's use of the Proprietary Technology, Franchisee agrees that:

- 8.4.1. Except as specified in Section 1.3 hereof, Franchisor grants to Franchisee a nonexclusive license to make, use, sell, offer for sale, or import the Proprietary Technology in Franchisee's Territory. Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Technology itself in connection with selling products, merchandise, and services; (b) to grant other sublicenses for the Proprietary Technology; (c) to develop and establish other systems using the Proprietary Technology, similar proprietary technology, or any other proprietary technology; and (d) to grant sublicenses thereto without providing any rights therein to Franchisee.
- 8.4.2. Franchisee does not have the right to sublicense the Proprietary Technology to a third-party.
- 8.4.3. Franchisee shall use the Proprietary Technology only for the operation of the Treatment Center and only at the Approved Location;
- 8.4.4. Franchisee's right to use the Proprietary Technology is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;
- 8.4.5. Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Technology, or improvements thereof, or to maintain their continued validity and enforceability;
- 8.4.6. Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Technology, any challenge to the validity of the Proprietary Technology, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Technology. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Technology, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Technology. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Technology.

8.5. Computer System and Required Software.

- 8.5.1. Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point-of-sale systems, data, audio, and video, systems for use at the Treatment Center; (b) computerized inventory systems for use at the Treatment Center; (c) printers and other peripheral hardware or devices; (d) archival back-up systems; (e) Internet

access mode and speed; (f) physical, electronic, and other security systems; and (g) centralized database and data collection (collectively, the “Computer System”).

8.5.2. Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System (the “Required Software”), which Franchisee shall install at its expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at its expense; (c) the tangible media upon which Franchisee shall record data; and (d) the database file structure of the Computer System.

8.5.3. Franchisee shall purchase from Franchisor or its affiliate the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee’s Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor’s standards and specifications for all items associated with Franchisee’s Computer System and any Required Software in accordance with Franchisor’s standards and specifications. Franchisee agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as Franchisor directs from time-to-time in writing. Franchisee shall have the option to purchase from Franchisor an annual support package at Franchisor’s then-current prices for such support services. Franchisee agrees that its compliance with this Section 8.3 shall be at Franchisee’s sole cost and expense.

8.6. Data. All data provided by Franchisee, uploaded to Franchisor’s system from Franchisee’s system, and/or downloaded from Franchisee’s system to Franchisor’s system, is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee’s operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor’s request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee’s use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

8.7. Privacy. Subject to commercial standards of reasonableness based upon local business practices in the Territory, Franchisor may, from time-to-time, specify in the Manual (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor’s prior written consent as to said policy.

8.8. Extranet. Franchisor may, but is not obligated to, establish an Extranet. The term “Extranet” means a private network based upon Internet protocols that will allow users inside and outside of Franchisor’s headquarters to access certain parts of Franchisor’s computer network via the Internet. If Franchisor does establish an Extranet, then Franchisee shall comply with Franchisor’s requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Treatment Center. The Extranet may include, without limitation, the Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as Franchisor may direct). Franchisee shall purchase and maintain such computer software and hardware (including, but not limited to, telecommunications capacity) as may be required to connect to and utilize the Extranet. Franchisor shall have the right to require Franchisee to install a video, voice and data system that is accessible by both Franchisor and Franchisee on a secure Internet website, in real-time, all in accordance with Franchisor’s then-current written standards as set forth in the Manual or otherwise in writing. Franchisee shall comply with Franchisor’s requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between Franchisee’s Computer System and Franchisor’s Extranet and/or such other computer systems as Franchisor may reasonably require.

8.9. Websites. Unless otherwise approved in writing by Franchisor, Franchisee shall not establish a separate Website. However, Franchisor shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by Franchisor, within Franchisor’s principal Website, which is currently www.licelifters.com (“Franchisor’s Website”). The term “Website” means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, Linked In, and on-line blogs and forums (“Networking Media Sites”). Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor’s Website. However, if Franchisor approves a separate Website for Franchisee (which Franchisor is not obligated to approve; and, which approval, if granted, may later be revoked by Franchisor), then each of the following provisions shall apply:

- 8.9.1. Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee shall be subject to Franchisor’s prior review and approval;
- 8.9.2. Any expenditures by Franchisee in connection with any Website shall not count towards fulfilling Franchisee’s advertising obligations under Section 12 hereof;
- 8.9.3. Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor’s prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;
- 8.9.4. Franchisor may designate a single vendor or supplier for the purposes of assisting Franchisee in creating Franchisee’s Website;
- 8.9.5. If approved, Franchisee shall not subsequently modify such Website without Franchisor’s prior written approval as to such proposed modification;
- 8.9.6. Franchisee shall comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing;

- 8.9.7. If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and other Websites as Franchisor may request in writing; and
- 8.9.8. Franchisee shall not make any posting or other contribution to a Networking Media Site relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, (c) harms the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates Franchisor's policies relating to the use of Networking Media Sites.

8.10. Domain Names. Franchisee acknowledges and agrees that if Franchisor grants its approval for Franchisee's use of a generic, national, and/or regionalized domain name, Franchisor shall have the right to own and control said domain name at all times and may license it to Franchisee for the term of this Agreement on such terms and conditions as Franchisor may reasonably require (including, but not limited to, the requirement that Franchisee reimburse Franchisor's costs for doing so). If Franchisee already owns any domain names, or hereafter registers any domain names, then Franchisee agrees that it shall notify Franchisor in writing and assign said domain names to Franchisor and/or a designee that Franchisor specifies in writing.

8.11. Online Use of Proprietary Marks and E-mail Solicitations. Franchisee shall not use the Proprietary Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.12. No Outsourcing without Prior Written Approval. Franchisee shall not hire third-party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of Franchisee's obligations without Franchisor's prior written approval. Franchisor's consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third-party or outside vendor's entry into a confidentiality agreement with Franchisor and Franchisee in a form that is provided by Franchisor. The provisions of this Section 8.10 are in addition to and not instead of any other provision of this Agreement.

8.13. Changes to Technology. Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

9. CONFIDENTIAL OPERATING MANUAL

9.1. Standards of Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Treatment Center in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement upon completion by Franchisee of the Initial Training Program to Franchisor's satisfaction. The Manual may consist of multiple

volumes of printed text, computer disks, other electronically stored data, DVDs, CD-ROMs, and videotapes, and may contain information related to operations and management. Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Manual (including updates and amendments), and other instructional information and materials, in or via electronic media, including, without limitation, through the Internet.

9.2. Confidentiality. Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Treatment Center, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential pursuant to Section 10 below. Franchisee shall not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3. Exclusive Property. The Manual shall remain the sole property of Franchisor and shall be kept in a secure place on the Premises that is not accessible to the public.

9.4. Revisions to Manual. Franchisor may from time-to-time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office or central database shall be controlling.

10. CONFIDENTIAL INFORMATION

10.1. Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, the Manual, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, data (as described in Section 8.4 above), customer names, lists, and contact information, management tools, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement ("Confidential Information"). Franchisee shall divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Treatment Center. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

10.2. Confidentiality Agreements. Franchisee shall require Franchisee's manager and other personnel having access to any of Franchisor's Confidential Information to execute non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Lice Lifters® Treatment Center. Such covenants shall be in the form attached hereto as Exhibit E.

10.3. Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief sought by Franchisor.

11. ACCOUNTING AND RECORDS

11.1. Gross Revenue Reports. Franchisee shall record all sales on a point-of-sale recordkeeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the

Manual or otherwise in writing. Franchisee shall maintain a monthly record of all Gross Revenue on a spreadsheet provided by Franchisor, or by such other means designated by Franchisor at its sole discretion. Franchisee shall provide Franchisor with such record monthly in connection with its royalty payments as described in Section 4.6 hereof, by such means as designated by Franchisor in the Manual or otherwise in writing, including, but not limited to, an Internet or Extranet website or other system that allows Franchisor unrestricted access to Franchisee's sales information. Franchisor shall have the right to access any business information or data collected and generated on Franchisee's point-of-sale system. Franchisor reserves the right to change the timing and/or frequency of the deadlines for the reports required under this Section 11.1.

11.2. Other Reports. Franchisee shall, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, the following reports, financial statements, and other data:

- 11.2.1. Within ten (10) days after the end of each fiscal quarter, an accurate profit and loss statement and a report accurately reflecting all Gross Revenue during the preceding calendar month;
- 11.2.2. Within sixty (60) days after the end of each fiscal year, Franchisee's financial statements for the preceding fiscal year, including, without limitation, a complete and accurate profit and loss statement and balance sheet, which may be unaudited but, upon Franchisor's request, shall be reviewed in accordance with generally accepted accounting principles;
- 11.2.3. Upon Franchisor's request, within ten (10) days after their timely completion, all federal, state and local sales, income or other tax returns filed by Franchisee; and
- 11.2.4. Such other forms, reports, records, information, and data as Franchisor may reasonably designate from time-to-time or as may be described in the Manual.

11.3. Recordkeeping. Franchisee shall prepare, and shall preserve for at least fifteen (15) years from the date of expiration, termination, or transfer of this Agreement, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor in the Manual or otherwise from time-to-time in writing, including but not limited to: (a) daily cash reports; (b) cash receipts journals; (c) cash disbursements and weekly payroll journals and schedules; (d) general ledgers; (e) monthly bank statements, daily deposit slips, and cancelled checks; (f) all personal and business tax returns; (g) suppliers' invoices (paid and unpaid); (h) dated daily and weekly cash register journals; (i) monthly fiscal period balance sheets and fiscal period profit and loss statements; and (j) such other records as Franchisor may from time-to-time require.

11.4. Inspection and Audit. Franchisor and its designated agents shall have the right at all reasonable times to examine, copy, and/or personally review at Franchisor's expense, the books, records, accounts, and tax returns of Franchisee. Franchisor shall have the right at all reasonable times to remove such books, records, accounts and tax returns for copying. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee. If an inspection or audit should reveal that any income or sales have not been reported or have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount underpaid upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, plus all of Franchisor's costs and expenses in connection with the inspection or audit, including, without limitation, travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or otherwise at law or in equity.

12. ADVERTISING AND PROMOTION

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

12.1. Local Marketing, Advertising, and Promotion. Franchisee shall expend at least One Thousand Five Hundred Dollars (\$1,500) per month on local marketing, advertising, and promotion in such manner as Franchisor may, in its sole discretion, direct in the Manual or otherwise in writing from time-to-time. Upon Franchisor's request, Franchisee shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manual or otherwise in writing from time-to-time.

12.2. Advertising Cooperative. Franchisor shall have the right, in its sole discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative has been established in Franchisee's area prior to opening the Franchised Business, Franchisee shall become a member of the Cooperative no later than thirty (30) days after opening the Franchised Business. If a Cooperative is established subsequent to Franchisee's opening of the Franchised Business, Franchisee shall become a member of the Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the Franchised Business is within the territory of more than one Cooperative, Franchisee shall not be required to be a member of more than one Cooperative within that territory.

- 12.2.1. Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing;
- 12.2.2. Each Cooperative shall be organized for the exclusive purpose of administering local and/or regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising;
- 12.2.3. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedures set forth in Section 12.8 hereof;
- 12.2.4. Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; provided, however, that Franchisee shall not be required to contribute to any Cooperative in excess of two percent (2%) of Gross Revenue during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Franchisee's payments made under this Section 12.4.4 shall be credited towards the expenditure required to be made under Section 12.2 hereof;
- 12.2.5. Each member franchisee shall submit to the Cooperative its contribution as provided in Section 12.4.4 hereof and such statements and reports as required by Franchisor or by the Cooperative with Franchisor's prior approval;

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

12.2.7. Franchisor shall have the power to require the Cooperative to be formed, changed, dissolved, or merged.

12.3. Marketing Materials. All marketing and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor. Franchisees must complete a Lice Lifters Marketing Plan every quarter (Franchise Agreement, Exhibit I). Once a Marketing Plan has been submitted to and approved by the Franchisor, upon Franchisor's request, Franchisee shall provide satisfactory evidence of its local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manual or otherwise in writing from time-to-time. Franchisor may make available to Franchisee from time-to-time, at Franchisee's expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, special promotions, and similar advertising and promotional materials.

12.4. Promotions. Franchisee acknowledges that periodic rebates, giveaways, and other promotions and programs are an integral part of the System. Accordingly, Franchisee, at its sole cost and expense, from time-to-time shall issue and offer such rebates, giveaways, and promotions in accordance with any reasonable advertising programs established by Franchisor, and further shall honor rebates, giveaways, and other promotions issued by other franchisees, as long as all of the above do not contravene regulations and laws of appropriate governmental authorities.

12.5. Telephone Directories. Franchisee shall, at its expense, obtain listings in the white and yellow pages of local telephone directories. Franchisee shall comply with Franchisor's specifications concerning the form and size of such listings, and the number of directories in which such listings shall be placed. Additionally, Franchisee shall be required to obtain listings and/or advertise with Franchisor and other franchisees of the System on electronic yellow pages directories and other on-line directories as Franchisor may designate in the Manual or otherwise in writing. Franchisor reserves the right to place, and subsequently modify or remove, such on-line listings and advertisements on behalf of Franchisee. For any listings or advertisements posted by or on behalf of Franchisee, Franchisee shall promptly pay, upon demand by Franchisor, its pro rata share of the costs of such listings or advertisements.

12.6. Approval of Advertising Materials. Franchisee shall submit to Franchisor samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding six (6) months (as provided in Section 21 hereof), for Franchisor's prior approval. Franchisee shall not use such plans or materials until they have been approved in writing by Franchisor. If written notice of disapproval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them.

12.7. Franchise Advisory Council. Franchisor shall have the right, in its discretion, to require the establishment of a franchise advisory council ("Advisory Council") in Franchisee's area. In the event such Advisory Council is established, Franchisee shall participate actively in the Advisory Council as Franchisor designates and participate in all Advisory Council meetings approved by Franchisor. Franchisor reserves the right to prepare and amend the governing documents for the Council from time-to-time, in its

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

13. INSURANCE

13.1. Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, and their respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Treatment Center, including, but not limited to, comprehensive general liability insurance, property insurance (including, but not limited to, fire, vandalism, and malicious mischief insurance for the replacement value of the Treatment Center and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the Treatment Center, if applicable. Such policy or policies shall be written by a responsible carrier or carriers acceptable to Franchisor, shall name Franchisor and its subsidiaries and affiliates as additional insureds, shall provide for Franchisor to receive notice upon cancellation or any event of default, including non-payment, and shall provide at least the types and minimum amounts of coverage specified in the Manual. Franchisor shall have the right, from time-to-time, to make such changes in minimum policy limits and endorsements in the Manual or otherwise in writing as it may determine in its reasonable discretion.

13.2. Non-Waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3. Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

13.4. Certificates of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage, as set forth in Section 13.1, were obtained. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.5. Franchisor's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time-to-time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure and maintain such insurance in Franchisee's name and to charge

same to Franchisee, which charges, together with Franchisor's reasonable expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity.

14. TRANSFER OF INTEREST

14.1. Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or other documents as Franchisor may request.

14.2. Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Treatment Center shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Treatment Center without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity.

14.3. Conditions of Transfer. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Treatment Center, at least thirty (30) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

- 14.3.1. That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its affiliates have been satisfied;
- 14.3.2. That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;
- 14.3.3. That the transferor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;
- 14.3.4. That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to operate the Franchised Business, taking

into consideration the purchase price paid by the transferee for the Franchised Business; and has not operated a business in competition with Franchisor;

- 14.3.5. That (1) at Franchisor's option, (a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, or (b) the transferee(s) execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, higher royalty fees, advertising contributions, or other fees, and a smaller or modified territory, except that the transferee shall not be required to pay any initial franchise fee; and (2) the transferee's principals guaranty the performance of all such obligations in writing in a form satisfactory to Franchisor;
- 14.3.6. That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;
- 14.3.7. That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor) and the transferee's manager (if transferee or transferee's principal will not manage the Franchised Business), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Franchisor may reasonably require and pay Franchisor the then-current training fee;
- 14.3.8. That Franchisor approves the terms and conditions of the transfer agreement between Franchisee and transferee; and
- 14.3.9. That Franchisee pay to Franchisor a transfer fee in the amount of fifteen thousand dollars (\$15,000); however, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership (as determined by Franchisor in its sole discretion), no such transfer fee shall be required.

14.4. No Security Interest. Franchisee shall not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business without the express written consent of Franchisor. If Franchisor consents to such security interest, such consent shall be conditioned on, among other things, the secured party's agreement that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void. In the event Franchisor cures any such default of Franchisee, Franchisee shall reimburse Franchisor all amounts paid by Franchisor to cure the default, plus all costs and expenses incurred by Franchisor to cure such default, and Franchisee shall be deemed in default of this Agreement.

14.5. Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Treatment Center desires to accept any bona fide offer from a third-party to purchase such interest, Franchisee shall notify Franchisor as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third-party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third-party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third-party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third-party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third-party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.6. Death or Mental Incapacity. Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Treatment Center, the executor, administrator, or personal representative of such person shall transfer such interest to a third-party approved by Franchisor within six (6) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.7. Non-Waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Treatment Center shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

15. DEFAULT AND TERMINATION

15.1. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee or opportunity to cure, if: Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; Franchisee is adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); Franchisee is dissolved; execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not

dismissed within thirty (30) days; or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2. Notice Without Opportunity to Cure. In addition to the foregoing, upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 22 hereof):

- 15.2.1. If Franchisee fails to locate an approved site or to construct and open the Franchised Business within the time limits provided in the Site Selection Addendum or Section 5.3 hereof;
- 15.2.2. If Franchisee or the other individuals identified in Section 6.1 fail to complete the Initial Training Program to Franchisor's satisfaction, or fail to attend additional training as described in Section 6.4 hereof;
- 15.2.3. If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; however, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld;
- 15.2.4. If Franchisee, or any principal, officer, or director of Franchisee, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein; or if Franchisee or any principal, officer, or director of Franchisee commits any acts or engages in any behavior that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein, including but not limited to conduct that is fraudulent, unfair, unethical, or deceptive;
- 15.2.5. If a threat or danger to the health or safety of the public or any animals at the Premises results from the construction, maintenance, or operation of the Treatment Center;
- 15.2.6. If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Treatment Center is made to any third-party without Franchisor's prior written consent, or otherwise contrary to the terms of Section 14 hereof;
- 15.2.7. If an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;
- 15.2.8. If Franchisee fails to comply with the covenants in Section 17.2 hereof or fails to obtain execution of the covenants required under Section 10.2 hereof;

- 15.2.9. If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manual or other confidential information provided to Franchisee by Franchisor;
- 15.2.10. If an inspection or audit should reveal that any Franchisee's Gross Revenue has not been reported or has been understated by more than two percent (2%) in any report to Franchisor;
- 15.2.11. If Franchisee knowingly maintains false books or records or submits any false reports or other documentation (including Franchisee's application for this franchise) to Franchisor;
- 15.2.12. If Franchisee misuses or makes any unauthorized or improper use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; or if Franchisee fails to utilize the Proprietary Marks solely in the manner and for the purposes directed by Franchisor;
- 15.2.13. If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records or accounts of Franchisee upon demand as provided for herein;
- 15.2.14. If Franchisee, after curing any default pursuant to Section 15.3 hereof, commits the same default again, whether or not cured after notice;
- 15.2.15. If Franchisee sells products not previously approved by Franchisor, or purchases any product from a supplier not previously approved by Franchisor;
- 15.2.16. If Franchisor cures any default of Franchisee pursuant to Section 14.4 hereof; or
- 15.2.17. If any drugs or alcohol are found at the Premises, or if Franchisee (or its principal or employees) are found to be under the influence of drugs or alcohol at the Premises at any time.

15.3. Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, Franchisor shall give Franchisee written notice of such default (in the manner set forth under Section 22 hereof) and an opportunity to cure such default within thirty (30) days (or such shorter period specified below) of Franchisee's receipt of such notice. Franchisor shall have the right to terminate this Agreement immediately upon notice to Franchisee if Franchisee fails to cure any default to Franchisor's satisfaction, and provide proof thereof, within the thirty (30) day period (or such shorter period specified below). If applicable law requires a longer cure period, such period shall apply to Franchisor's notice. Defaults which are susceptible of cure hereunder include the following illustrative events:

- 15.3.1. If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time-to-time reasonably be supplemented by the Manual, or fails to carry out the terms of this Agreement in good faith;
- 15.3.2. If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement (Franchisee shall have seven (7) days from Franchisee's receipt of written notice to cure such default);

- 15.3.3. If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing;
- 15.3.4. Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;
- 15.3.5. If, upon inspection by Franchisor or a government health inspector, Franchisee's Franchised Business is in violation of the health, safety, or sanitation standards prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing, or is in violation of any health or safety law, codes, or regulation (Franchisee shall have twenty-four (24) hours from Franchisee's receipt of written notice to cure such default);
- 15.3.6. If Franchisee fails to meet Franchisor's standards for cleanliness as prescribed by Franchisor in the Manual or otherwise in writing from time-to-time;
- 15.3.7. If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease (Franchisee shall have seven (7) days from Franchisee's receipt of written notice to cure such default);
- 15.3.8. If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks (Franchisee shall have seven (7) days from Franchisee's receipt of written notice to cure such default); or
- 15.3.9. If Franchisee fails to comply with all applicable laws, rules and regulations related to the operation of the Treatment Center (including, without limitation, the applicable provisions of the Americans With Disabilities Act regarding the construction, design and operation of the Treatment Center).

15.4. Limitation of Services or Benefits. If Franchisee receives a notice of default issued pursuant to either (a) Section 15.2, or (b) Section 15.3 and fails to cure such default within the time period permitted in such notice, Franchisor and its affiliates shall have the right, in Franchisor's sole discretion, to temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to its terms, including, without limitation:

- 15.4.1. To restrict Franchisee or any of Franchisee's staff attendance at any initial training, continuing training, meetings, workshops, or conventions;
- 15.4.2. To refuse to sell or furnish to Franchisee any supplies, products, or advertising and promotional materials, including, but not limited to, Lice LiftersTM Branded Products;
- 15.4.3. To refuse to provide Franchisee ongoing advice about the operation of the Treatment Center;
- 15.4.4. To refuse any request by Franchisee to approve a new supplier;

- 15.4.5. To refuse any request by Franchisee to approve the use of any advertising or promotional materials; and
- 15.4.6. To prohibit Franchisee from participating in rebates, giveaways, or other promotions.
- 15.4.7. Franchisee agrees to hold Franchisor harmless with respect to any action taken by Franchisor pursuant to this Section 15.4; and Franchisee further agrees that Franchisor shall not be liable for any loss, expense, or damage incurred by Franchisee or the Franchised Business because of any action Franchisor takes pursuant to this Section 15.4. Nothing in this Section 15.4 constitutes a waiver of any right or remedy of the Franchisor under this Agreement or any other agreement between Franchisee and Franchisor, including, without limitation, the right to terminate this Agreement under Sections 15.1, 15.2, and 15.3 hereof. Franchisee acknowledges and agrees that Franchisor's exercise of its rights pursuant to this Section 15.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between Franchisee and Franchisor, and shall not be deemed a breach of any provision of this Agreement by Franchisor. Any services or benefits removed, curtailed, or limited pursuant to this Section 15.4 may be reinstated at any time by Franchisor in its sole discretion and Franchisee hereby agrees to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. Franchisee acknowledges and agrees that, if Franchisor limits any services or benefits under this Section 15.4, Franchisee shall continue to pay timely all fees and payments required under this Agreement and any other agreement between Franchisee and Franchisor, including, without limitation, any fees associated with services or benefits limited by Franchisor. Franchisee shall have no right to a refund of any fees paid in advance for such services or benefits.

15.5. Cross-Default. Any default by Franchisee under any other agreement between Franchisor or its affiliates as one party, and Franchisee or any of Franchisee's owners or affiliates as the other party, that is so material as to permit Franchisor to terminate such other agreement, shall be deemed to be a default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement without affording Franchisee an opportunity to cure, effective immediately upon notice to Franchisee.

15.6. Upon termination of this Agreement, any license or sublicense granted hereunder to the Proprietary Marks or the Proprietary Technology shall be terminated.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1. Cease Operations. Franchisee shall immediately cease to operate the Lice Lifters® Treatment Center, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor. Immediately upon the expiration or termination hereof, Franchisee shall dispose of, and not sell, any Lice Lifters® products sold hereunder, including, but not limited to, Lice Lifters™ Branded Products (except as provided in Section 16.10 below).

16.2. Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods,

procedures and techniques associated with the System, all Confidential Information, and all Proprietary Marks and distinctive forms, slogans, signs, symbols, colors, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles that display the Proprietary Marks. Franchisee shall pay Franchisor a liquidated damages amount of One Thousand Dollars (\$1,000) for each day that Franchisee fails to comply with this Section 16.2, which shall be in addition to all other rights and remedies provided herein, including, but not limited to, Franchisor's right to obtain injunctive relief.

16.3. Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Lice Lifters[®]," or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4. Assignment of Lease. Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of, and the assigning to Franchisor of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the Lice Lifters[®] Treatment Center under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5. Subsequent Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to Franchisor, the System or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

16.6. Payment. Franchisee shall promptly pay all sums owing to Franchisor and its affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises operated hereunder at the time of default.

16.7. Return Manual. Franchisee shall immediately deliver to Franchisor the Manual, paper and electronic spreadsheets and checklists and all other records, correspondence and instructions containing confidential information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), and customer names, lists, and contact information, all of which are acknowledged to be the property of Franchisor, and shall retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law. Franchisee shall pay Franchisor a liquidated damages amount of

Five Hundred Dollars (\$500) for each day that Franchisee fails to comply with this Section 16.8, which shall be in addition to all other rights and remedies provided herein, including, but not limited to, Franchisor's right to obtain injunctive relief.

16.8. Liquidated Damages Upon Termination Due to Franchisee's Default. In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to the amounts set forth in Sections 16.2, 16.6, and 16.7 above, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement and for Franchisor's lost future revenue as a result of such breach in an amount equal to: (a) the average monthly Royalty Fee or Minimum Royalty Fee payable by Franchisee under Sections 4.2 above over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the Treatment Center has been open less than twelve (12) months); (b) multiplied by the lesser of (a) twenty-four (24) months or (b) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided above in Section 16.6 and any attorneys' and accountants' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement, including but not limited to, Section 26.8 below. Franchisee's payment of this lump sum shall not affect Franchisor's right to recover damages other than lost future revenue and to obtain appropriate injunctive relief and other remedies to enforce this Section 16, its trademark rights under Section 8 above, and the covenants set forth in Sections 10 and 17.

16.9. Websites. Franchisee shall cease use of any Lice Lifters® domain name, URL, or home page address, and shall not establish any Website using any similar or confusing domain name, URL, and/or home page address.

16.10. Franchisor's Option to Purchase Inventory and Equipment. Franchisor shall have the option, to be exercised within thirty (30) days after termination, to purchase from Franchisee any or all of the inventory, supplies, equipment, signs, and fixtures related to the Franchised Business at the lesser of the fair market value or the price paid by Franchisee. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefor.

16.11. Compliance With Covenants. Franchisee shall comply with the covenants contained in Sections 10.1 and 17.3 of this Agreement.

17. COVENANTS

17.1. Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager shall devote full time, energy, and best efforts to the management and operation of the Lice Lifters® Treatment Center.

17.2. In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including,

without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

- 17.2.1. Divert or attempt to divert any present or prospective business or customer of any Franchisor business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System;
- 17.2.2. Employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment; or
- 17.2.3. Own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any other lice removal business or other business that offers or sells products or services offered by Treatment Centers (whether at retail or wholesale), where the sale of such products and/or services constitutes twenty-five percent (25%) or more of the gross revenue of such other business. The prohibitions in this Section 17.2 shall not apply to interests in or activities performed in connection with the Treatment Center or any other Lice Lifters® business operated by Franchisee under a franchise agreement with Franchisor.

17.3. Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous, uninterrupted period of one (1) year commencing upon the date of (a) a transfer permitted under Section 14 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any other business that: (a) is either a lice removal business or other business that offers or sells products or services offered by Treatment Centers (whether at retail or wholesale), where the sale of such products and/or services constitutes twenty-five percent (25%) or more of the gross revenue of such other business; and (b) is, or is intended to be, located at or within:

- 17.3.1. Franchisee's Territory;
- 17.3.2. Twenty-five (25) miles of the Approved Location; or
- 17.3.3. Twenty-five (25) miles of any Lice Lifters® business operating under the System and the Proprietary Marks.

The prohibitions of this Section 17.3 shall not apply to Franchisee's interests in or operation of any other Lice Lifters® business operated by Franchisee under a franchise agreement with Franchisor.

17.4. No Application to Equity Securities. Sections 17.2.3 and 17.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5. Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

17.6. Compliance with Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), Franchisor is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee, is designated under the Executive Order as a person with whom business may not be transacted by Franchisor, and that Franchisee (a) does not, and hereafter shall not, engage in any terrorist activity; (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

17.7. No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

17.8. Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court, arbitrator, or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty on Franchisee permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.9. Irreparable Injury. Franchisee acknowledges that Franchisee's violation of any of the terms of this Section 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.10. Franchisor's Costs and Expenses. Franchisee shall pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provision of this Agreement.

18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1. Franchisee Corporation. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1. Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Treatment Center;

- 18.1.2. Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;
- 18.1.3. Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Lice Lifters Franchising, LLC dated _____. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934; and

- 18.1.4. Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.2. Franchisee Partnership. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

- 18.2.1. Franchisee shall be newly organized and shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;
- 18.2.2. The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and
- 18.2.3. Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee.

18.3. Franchisee Limited Liability Company. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

- 18.3.1. Franchisee must be newly organized and the articles of incorporation must at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Business;
- 18.3.2. Franchisee shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other governing documents as Franchisor may reasonably request, and any amendments thereto;
- 18.3.3. The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further

assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

18.3.4. Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee or parties that hold any ownership interest in Franchisee.

18.4. Guaranty and Indemnification. If Franchisee is a corporation, partnership or limited liability corporation, or if any successor to or assignee of Franchisee is a partnership or limited liability corporation, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E.

18.5. Disclosure of Principals. If Franchisee is a corporation, partnership or limited liability corporation, Franchisee shall identify the primary contact person and the ownership interest of each of Franchisee's principals by completing and signing Exhibit F attached hereto.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1. Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on Franchisor with respect to any payments to Franchisor required under this Agreement.

19.2. Contesting Taxes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

19.3. Permits and Licenses. Franchisee shall comply with all applicable federal, state, and local laws, rules, and regulations, including without limitation, the applicable provisions of the Americans With Disabilities Act regarding the construction, design, and operation of the Treatment Center and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Treatment Center, including, without limitation, licenses to do business, fictitious name registrations, occupancy licenses, sales tax permits, construction permits, health permits, building permits, handicap permits and fire clearances.

19.4. Notification of Adverse Action. Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Treatment Center.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1. Independent Contractor. Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them for any purpose, and acknowledge that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Treatment Center pursuant to a franchise agreement with Franchisor.

Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify or approve.

20.2. No Authority to Contract. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor.

20.3. Indemnification. Franchisee shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Treatment Center, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

21. APPROVALS AND WAIVERS

21.1. Approval and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

21.2. No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3. No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

22. NOTICES

The parties to this Agreement shall direct any notices to the other party at the Delivery Address specified below that party's name on the final page of this Agreement, or at another address if advised in writing that the address has been changed. The parties shall notify each other in writing of any Delivery Address changes. Notices may be delivered by facsimile (with simultaneous mailing of a copy by first class mail), by electronic mail (with simultaneous mailing of a copy by first class mail), courier, federal express, or first class mail. Notice by facsimile and electronic mail will be considered delivered upon submission, by courier, upon delivery, and by first class mail three days after posting. Any notice by a means which affords the sender evidence of delivery or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

23. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

24. SEVERABILITY AND CONSTRUCTION

24.1. Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

24.2. Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 8, 9, 10, 16, 17, and 25.

24.3. No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders, agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

24.4. Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court, arbitrator, or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court, arbitrator, or agency order.

24.5. Captions and Headings. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

25. APPLICABLE LAW AND DISPUTE RESOLUTION

25.1. Negotiation and Mediation..

25.1.1 Agreement to Use Procedure

The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them. In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration. Other than an action by Lice Lifters under Section 25.3 of this Agreement, the parties agree that if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this section. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement.

25.1.2 Initiation of Procedures

The party that initiates these procedures (“Initiating Party”) must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party’s claim for relief including the damages sought, and identifying one or more persons with authority to settle the dispute for him, her, or it. The party receiving the notice (“Responding Party”) has seven (7) days within which to designate by written notice to the Initiating Party one or more persons with authority to settle the dispute on the Responding Party’s behalf (the “Authorized Persons”).

25.1.3 Direct Negotiations

The Authorized Persons may investigate the dispute as they consider appropriate but agree to meet in-person at a location designated by Lice Lifters within seven (7) days from the date of the designation of Authorized Persons to discuss resolution of the dispute. The Authorized Persons may meet at any times and places, and as often as they agree. If the dispute has not been resolved within ten (10) days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so.

25.1.4 Selection of Mediator

The Authorized Persons will have seven (7) days from the date on which one party gives notice that he, she or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties. Within seven (7) days from the date of receipt of any list, the Authorized Persons must rank all the mediators in numerical order of preference and exchange the rankings. If one or more names are on both lists, the highest ranking one of these will be designated the mediator. If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization designated in Section 11.8 to supply a list of qualified potential mediators. Within seven (7) days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists. The mediator having the highest combined ranking shall be appointed as mediator. If the highest ranking mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator.

25.1.5 Time and Place for Mediation

In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation. Unless circumstances make it impossible, the time may not be later than thirty (30) days after selection of the mediator.

25.1.6 Exchange of Information

If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator, if required.

25.1.7 Summary of Views

At least seven (7) days before the first scheduled mediation session, each party must deliver to the mediator, and to the other party, a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.

25.1.8 Representatives

In the mediation, each party must be represented by an Authorized Person, who must physically attend mediation, and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.

25.1.9 Conduct of Mediation

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful, after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties.

All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.

25.1.10 Termination of Procedure

The parties agree to participate in the mediation procedure to its conclusion as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

25.1.11 Fees of Mediator, Disqualification

The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert, or counsel for any party with respect to the dispute, or any related or similar matter in which either of the parties is involved.

25.1.12 Confidentiality

The mediation procedure is a compromise, negotiation, or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual, or audio record of the proceedings may be made. Any conduct statement, promise, offer, view, or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator, is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view, or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

25.2. Arbitration.. Except as provided in Section 25.3, and if not resolved by the negotiation and mediation procedures described in Section 25.1 above, any dispute, controversy, or claim between you and/or any of your Related Parties, on the one hand, and Lice Lifters and/or any of Lice Lifters's Related Parties, on the other hand, including, without limitation, any dispute, controversy, or claim arising under, out of in connection with or related to (a) this Agreement, (b) the relationship of the parties, (c) the events leading up to the execution of this Agreement, (d) any loan or other finance arrangement between you and Lice Lifters or its Related Parties, (e) the parties' relationship, (f) any System Standard, (g) any claim based in tort or any theory of negligence, and/or (j) the scope or validity of the arbitration obligation under this Agreement, shall be determined in Philadelphia, Pennsylvania, by the American Arbitration Association ("AAA"). This arbitration clause will not deprive Lice Lifters of any right it may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction.

25.2.1 The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one (1) arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear.

25.2.2 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of 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.

25.2.3 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third-parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of claims is unenforceable then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts in accordance with Section 11.8. The arbitration must take place in Philadelphia, Pennsylvania or at such other location as Lice Lifters designates.

25.2.4 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Lice Lifters. The arbitrator may not, under any circumstance, (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement, or any reasonable standard of business performance that Lice Lifters sets. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Lice Lifters is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to, any decision as to whether Section 11.8 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

25.2.5 The arbitrator can 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.

25.2.6 The arbitrator will have subpoena powers limited only by the laws of the Commonwealth of Pennsylvania.

25.2.7 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the Commonwealth of Pennsylvania.

25.2.8 All other procedural matters will be determined by applying the statutory common laws and rules of procedure that control a court of competent jurisdiction in the Commonwealth of Pennsylvania.

25.2.9 Other than as may be required by law, the entire arbitration proceedings (including but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.

25.2.10 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.

25.2.11 Lice Lifters reserves the right, but has no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Lice Lifters's right to seek recovery of those costs against you.

25.2.12 The Arbitrator shall render a reasoned award unless otherwise requested by the parties. If Lice Lifters requests a more detailed award, i.e. "findings of fact and conclusions of law," the parties shall evenly split the excess cost above the cost required for a reasoned award. However, if You request an award more detailed than a reasoned award, i.e. "findings of facts and conclusions of law," You shall bear the entire additional cost required for such award, which cost is above the cost for a reasoned award.

25.2.13 Should Lice Lifters prevail in any arbitration, the Arbitration shall require You to pay all expenses of Arbitration.

25.2.14 Should You file any affirmative claim or counterclaim in any Arbitration proceeding pursuant to Section 25, You shall be required to pay any and all fees associated with such Arbitration, including fees due to the AAA and/or the Arbitrator.

25.3.1 Notwithstanding the provisions of Sections 25.1 and 25.2 of this Agreement, Lice Lifters shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions, and orders of specific performance, enforcing the provisions of this Agreement in any court of competent jurisdiction relating to (a) Your, and/or any of Your Related Party's use of the Marks, (b) Your confidentiality and non-competition covenants (Section 17), (c) Your obligations upon termination or expiration of the franchise, or (d) Transfer or assignment by You. If Lice Lifters secures any such injunction or order of specific performance, you agree to pay to Lice Lifters an amount equal to the aggregate of Lice Lifters's costs of obtaining such relief including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses, and any damages incurred by Lice Lifters as a result of the breach of any such provision.

25.3.2 Further, at the election of Lice Lifters or its affiliate, the mediation and arbitration provisions of Sections 25.1 and 25.2, inclusive of all subparts, shall not apply to (a) any claim by Lice Lifters relating to your failure to pay any fee due to Lice Lifters under this Agreement, and/or (b) any claim by Lice Lifters or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act, and/or (c) any claim by Lice Lifters relating to a breach of your confidentiality and/or non-competition obligations under this Agreement.

Jurisdiction and Venue. Any action that is not otherwise subject to arbitration under Section 25.3 (including any challenge of an arbitral award granted hereunder), whether or not arising out of, or relating to, this Agreement, brought by Franchisee (or any principal thereof) against Franchisor shall be brought in the United States District Court for the Eastern District of Pennsylvania, or, if different, the judicial district in which Franchisor has, at the time of commencement of such action, its principal place of business. Franchisor shall have the right to commence an action against Franchisee in any court of competent jurisdiction. Franchisee hereby waives all objections to personal jurisdiction or venue for purposes of this Section 25.4 and agrees that nothing in this Section 25.4 shall be deemed to prevent Franchisor from removing an action from state court to federal court.

25.5. No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

25.6. Injunctive Relief. Nothing herein contained (including, without limitation, Sections 25.2, 25.3, and 25.4 above) shall bar Franchisor's right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause it loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

25.7. Limitation of Claims. Franchisee agrees that any and all claims by Franchisee against Franchisor arising out of, or relating to, this Agreement may not be commenced by Franchisee unless brought before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires or is terminated for any reason.

Franchisee agrees that any claim or action not brought within the periods required under this Section 25.7 shall forever be barred as a claim, counterclaim, defense, or set off.

25.8. Franchisor's Costs and Expenses. Except as expressly provided by Sections 25.2 and 25.3 hereof, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by Franchisor, its affiliates, and its successors and assigns (a) to remedy any defaults of Franchisee under, or enforce any of Franchisor's rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

25.9. WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. FRANCHISOR AND FRANCHISEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY AGREE AS FOLLOWS:

25.9.1. FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY OR AGAINST EITHER PARTY; AND

25.9.2. FRANCHISOR AND FRANCHISEE BOTH EXPRESSLY WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT FRANCHISOR SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

26. FORCE MAJEURE

26.1. Non-Performance or Delay. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the Treatment Center.

26.2. Delay in Making Payments. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of this Section. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that Franchisee shall remain obligated to promptly pay all fees due and owing to Franchisor hereunder, without any such delay or extension.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

FRANCHISOR:

LICE LIFTERS FRANCHISING, LLC
doing business as Lice Lifters

By: _____
Name: Michele Barrack
Title: Managing Member
Date: _____

Delivery Addresses for Notices:

Lice Lifters Franchising, LLC
Attn: Michele Barrack
280 Gossett Road
Spartanburg, South Carolina 29307

Evan M. Goldman, Esquire
The Franchise Firm LLP
225 Wilmington West Chester Pike, Suite 200
Chadds Ford, Pennsylvania 1931

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

Delivery Address for Notices:

**EXHIBIT A TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

APPROVED LOCATION AND FRANCHISEE'S TERRITORY

1. The Approved Location under this Agreement shall be: _____

2. Franchisee's Territory under this Agreement shall consist of either:

A. The following county(ies) (as constituted as of the date hereof):

[or]

B. The following zip codes (as constituted as of the date hereof):

FRANCHISOR:

LICE LIFTERS FRANCHISING, LLC
doing business as Lice Lifters

By: _____

Name: Michele Barrack

Title: Managing Member

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT B TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

SITE SELECTION ADDENDUM

Lice Lifters Franchising, LLC (hereinafter the “Franchisor”) and _____

(hereinafter “Franchisee”), have this date, _____, 20____, entered into a certain Franchise Agreement (the “Franchise Agreement”) and desire to supplement its terms, as set forth below. The parties hereto therefore agree as follows:

1. Within ninety (90) days after Franchisee’s execution of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee’s expense, for its Lice Lifters® business franchised under the Franchise Agreement (the “Lice Lifters® Treatment Center”), which premises shall be approved by Franchisor as hereinafter provided. The premises shall be within the following territory (“Site Selection Territory”):

2. Failure by Franchisee to obtain premises for the Lice Lifters® Treatment Center within the time required in Section 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee’s acquisition by lease or purchase of a site for the Lice Lifters® Treatment Center, Franchisee shall submit to Franchisor such information or materials as Franchisor may reasonably require for Franchisor’s approval of the site, including a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Section 3, to Franchisor for its approval within sixty (60) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor’s sole discretion, the site as a location for the Lice Lifters® Treatment Center. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

4. Franchisor shall furnish to Franchisee the following:

a. At Franchisee’s request, such site selection guidelines and consultation as Franchisor deems advisable; and

b. Such on-site evaluations as Franchisor deems advisable as part of its evaluation of Franchisee’s request for site approval; provided, however, that Franchisor shall not provide an on-site evaluation for any proposed site prior to Franchisor’s receipt of the information or materials required by Section 3 hereof. If an on-site evaluation is deemed necessary and appropriate by Franchisor, Franchisee shall reimburse Franchisor for Franchisor’s reasonable expenses, including, without limitation, the costs of travel, lodging and meals.

5. If Franchisee will occupy the premises of the Lice Lifters® Treatment Center under a lease, Franchisee, shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as Exhibit I to the Franchise Agreement, and (2) submit the lease to Franchisor for its prior written approval. Franchisor's approval of the lease may be conditioned upon the inclusion in the lease such terms and conditions as Franchisor may reasonably require, including, without limitation:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than five (5) years;

b. That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the Lice Lifters® Treatment Center;

c. That the use of the premises be restricted solely to the operation of the Lice Lifters® Treatment Center;

d. That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

e. That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f. That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor with a copy of any executed lease within five (5) days after execution thereof.

7. After a site for the Lice Lifters® Treatment Center has been approved in writing by Franchisor and obtained by Franchisee pursuant to Section 3 hereof, the site shall constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Lice Lifters® Treatment Center or for any other purpose or the site's compliance with any federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design, and operation of the Lice Lifters® Treatment Center. Franchisor's approval

of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Lice Lifters® Treatment Center at the site is based on its own independent investigation of the suitability of the site.

9. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

FRANCHISOR:

FRANCHISEE:

LICE LIFTERS FRANCHISING, LLC
doing business as Lice Lifters

By: _____
Name: Michele Barrack
Title: Managing Member
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT C TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

ADA CERTIFICATION

Lice Lifters Franchising, LLC (“Franchisor”) and _____ (“Franchisee”) are parties to a franchise agreement dated _____, 20__ (the “Franchise Agreement”) for the operation of a Lice Lifters® business at _____ (the “Lice Lifters® Treatment Center”). In accordance with Section 5.4 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee’s knowledge, the Lice Lifters® Treatment Center and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

IN WITNESS WHEREOF, the undersigned has duly executed this ADA Certification on the date first above written.

FRANCHISOR:

FRANCHISEE:

LICE LIFTERS FRANCHISING, LLC
doing business as Lice Lifters

By: _____
Name: Michele Barrack
Title: Managing Member
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT D TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my position as _____ of _____ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Lice Lifters Franchising, LLC (the “Franchisor”), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system (the “System”) relating to the establishment and operation of lice removal treatment centers that offer lice detection and removal services, and offer for sale Lice Lifters™ Branded Products that assist with, or otherwise relate to, the removal and treatment of lice, and such other products and services as Franchisor may designate from time-to-time, under the trade name “Lice Lifters®,” all of which Franchisor may change from time-to-time.

2. As an employee of Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to Franchisor and Franchisee, including, without limitation, information relating to suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, marketing, and advertising, relating to the System and the establishment and operation of Lice Lifters® businesses which are beyond the present skills and experience possessed by me. This list of confidential matters is illustrative only and does not include all matters considered confidential by Franchisor and Franchisee.

3. I will hold in strict confidence all information designated by Franchisor or Franchisee as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of Franchisee. My undertaking not to disclose confidential information is a condition of my position with Franchisee, and continues even after I cease to be in that position.

4. While in my position with Franchisee, I will not do anything which may injure Franchisee or Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Lice Lifters® business to any competitor, by direct or indirect inducement or otherwise; (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor’s marks and the System; or (c) employ or seek to employ any person who is at that time been employed by Franchisor or any franchisee of Franchisor (including Franchisee), or otherwise directly or indirectly induce such person to leave his or her employment.

5. While in my position with Franchisee, I will not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise), any other lice removal business or other business that offers or sells products or services offered by Lice Lifters® Treatment Centers (whether at retail or wholesale), where the sale of such products and/or services constitutes twenty-five percent (25%) or more of the gross revenue of such other business. Provided, however, that this Paragraph 5 shall not apply to my current position with Franchisee.

6. For one (1) year after I cease to be in my position with Franchisee, I will not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any other lice removal business or other business that offers or sells products or services offered by Lice Lifters® Treatment Centers (whether at retail or wholesale), where the sale of such products and/or services constitutes twenty-five percent (25%) or more of the gross revenue of such other business; and (b) is, or is intended to be, located at or within: (i) Franchisee's Territory, which I acknowledge has been described to me; (ii) twenty-five (25) miles of the Approved Location; or (iii) twenty-five (25) miles of any business operating under the Proprietary Marks.

7. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisor and/or Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay Franchisor and Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisor and Franchisee, any claim I have against Franchisor or Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

8. Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

9. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in a writing signed by both Franchisee and me.

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

**EXHIBIT E TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Lice Lifters Franchising, LLC (“Franchisor”) to execute the Franchise Agreement between Franchisor and _____ (“Franchisee”) dated _____ 20__ (the “Agreement”), the undersigned (the “Guarantors”), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment to Franchisor required of Franchisee under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of investigation, court costs, and mediation fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Franchisee, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to, and without giving effect to, the application of the Commonwealth of Pennsylvania conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 25 of the Agreement are hereby incorporated into this Guarantee by reference, and references to “Franchisee” and the “Franchise Agreement” therein shall be deemed to apply to “Guarantors” and this “Guarantee,” respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), which shall not include electronic communication, such as e-mail or facsimile, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party. Copies of notices may be sent via e-mail but shall not be deemed notice hereunder.

Notices to Franchisor: Lice Lifters Franchising, LLC
280 Gossett Road
Spartanburg, South Carolina 29307
Attn: Michele Barrack

Copy to: Evan M. Goldman, Esquire
The Franchise Firm LLP
225 Wilmington West Chester Pike, Suite 200
Chadds Ford, Pennsylvania 19317

Notices to Guarantors: _____

Attn: _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

GUARANTORS

Witness/Attest

By:_____

Name:_____

Witness/Attest

By:_____

Name:_____

Witness/Attest

By:_____

Name:_____

Witness/Attest

By:_____

Name:_____

**EXHIBIT F TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

DISCLOSURE OF PRINCIPALS

**(To be completed if Franchisee is a Corporation,
Partnership, or Limited Liability Company Only)**

1. Date: _____
2. Franchisee Contact. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Lice Lifters® Treatment Center:

Name: _____

Address: _____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

3. Franchisee Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members (“Owners”) of Franchisee and the percentage interest of each individual:

<u>Name</u>	<u>Position</u>	<u>Interest (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has duly executed this Disclosure of Principals on the date first above written.

FRANCHISEE

Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE OWNERS

Witness/Attest

By: _____

Name: _____

Witness/Attest

By: _____

Name: _____

Witness/Attest

By: _____

Name: _____

**EXHIBIT G TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) hereby assigns and transfers to Lice Lifters Franchising, LLC, a Pennsylvania limited liability company with its principal place of business at 280 Gossett Road, Spartanburg, South Carolina 29307 (“Assignee”), all of Assignor’s right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the “Lease”) respecting premises commonly known as _____ (the “Premises”). This Assignment is for collateral purposes only and, except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Lice Lifters® Treatment Center between Assignee and Assignor (the “Franchise Agreement”), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR

Witness/Attest

By:_____

Name:_____

Title:_____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforescribed Lease hereby:

(a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment of Lease and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

LESSOR

Witness/Attest

By:_____

Name:_____

Title:_____



EXHIBIT H TO LICE LIFTERS® TREATMENT CENTER FRANCHISE AGREEMENT

Lice Lifters Treatment Center Marketing Plan

Working Document: Monthly Marketing Plan for Lice Lifters Franchises

The Marketing Plan is a tool for you to use when planning your monthly advertising dollars. Each month may look different, but we suggest adhering to a monthly plan for three months. Outline a goal for each activity and note the results for each project.

(i) Written				
Marketing Opportunities	Approximate \$ to Spend	Amount Spent	Date Accomplished	Goal for opportunity & Results
Free Standing Insert/Printed Materials	\$150-200.00			
Private School Letters	Minimal cost of paper and stamps			
PTO Letters or emails	Minimal cost of paper and stamps			
Handwritten Thank you Letters with Gift Cards	Email or Minimal cost of paper and stamps			
Other				

(ii) Social Media Marketing				
Marketing Opportunities	Approximate \$ to Spend	Date to Be Accomplished	Where	Date Accomplished
Facebook/Twitter – 4 each or 10 total per week.	Free			

Instagram – Post Photos	Free			
Other				

(iii) Cold Call Marketing				
Marketing Opportunities	Where to focus	Amount Spent	Date Accomplished	Goal for opportunity & Results
Call 5-10 School Nurses per week	Areas in which you would like to gain exposure			
Call 5-10 Private Schools per week	O			
Call 5-10 Pre-Schools per week				
Dr. Visits – 15 per month				
School Visits – 15 per month				

(iv) Media				
Marketing Opportunities	Approximate \$ to Spend	Amount Spent	Date Accomplished	Goal for opportunity & Results
Newspaper Ads (Free Papers)	\$100-\$300 per month			
Other:				

(v) Sponsorships/Chambers				
Marketing Opportunities	Approximate \$ to Spend	Amount Spent	Date Accomplished	Goal for opportunity & Results
Join Chamber of Commerce – attend 2 events per month	\$200-350 per year			
Baseball teams (2-3) Select locations				
Softball Teams (2-3) Select locations				
Lacrosse Teams (1) Select locations				
As the sport seasons change, select a new				

sport to sponsor (basketball/soccer)				
School Ad Book Opportunities Select locations where you would like to gain exposure				
Fundraiser Baskets for Schools and Religious Groups	\$90-\$120 per event			
Community Festivals – booth sponsor with Craft or treat offering	\$50-\$150 per event			

**EXHIBIT I TO
LICE LIFTERS® TREATMENT CENTER
FRANCHISE AGREEMENT**

SBA ADDENDUM



ADDENDUM TO FRANCHISE¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

**EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT**

LIST OF LICE LIFTERS TREATMENT CENTERS

Florida Treatment Centers

Lice Lifters Florida, LLC
Michele Barrack
7301 W. Palmetto Park Road, Ste 210 B
Boca Raton, Florida 33076
Tel: 954-933-5356
(Affiliate-Owned)

DLB Beauty Inc.
Laura Bustamante
6240 Coral Ridge Drive, Suite 113
Coral Springs, Florida 33076
Tel: 954-271-1531

New Jersey Treatment Centers

Lice Lifters of Ocean County, LLC
Rebecca Kolas
1501 NJ-37
Toms River, New Jersey 08753
Tel: 848-238-7325

Lice Lifters, LLC
Michele Barrack
Mobile Location: Cranford, New Jersey
Tel: 908-858-2206
(Affiliate-Owned)

Pennsylvania Treatment Centers

Srisra Services LLC
Sri Phani
105 Providence Forge Road
Royersford, Pennsylvania 19468
Tel: 917-692-4015

A and E Treatments
Jennifer Rosa
1046 Trenton Road
Levittown, Pennsylvania 19054
Tel: 484-532-7677

List of Franchisees Who Left the System in Fiscal Year 2023

The name and last known address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year, or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document are listed below:

None.

EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

**ADDENDUM TO THE LICE LIFTERS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND**

As to franchises governed by the Maryland Franchise Registration and Disclosure Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 5 is modified to also provide, “Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required financial assurance. Therefore, all initial fees and payments owed by franchisee shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.”

2. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17.u. is modified to also provide, “A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

4. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

5. Item 17 is modified to provide that the provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*)

5. Exhibit F to the Franchise Disclosure Document is modified to make clear that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

**AMENDMENT TO THE
LICE LIFTERS[®] FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

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

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Notwithstanding Section 4.1, Section 4.2, or any other provision of the Agreement, all initial fees will be deferred until after Lice Lifters' initial obligations to Franchisee are complete, and Franchisee has commenced operations.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

LICE LIFTERS FRANCHISING, LLC

Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

Witness/Attest

By: _____

Name: _____

Title: _____

GUARANTOR

Witness/Attest

By: _____

Name: _____

**AMENDMENT TO THE
LICE LIFTERS[®] DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

If any of the terms of the Development Agreement are inconsistent with the terms below, the terms below control.

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

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Notwithstanding any provision of the Agreement, all initial fees will be deferred until after Lice Lifters' initial obligations to Franchisee are complete, and Franchisee has commenced operations.

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

LICE LIFTERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

GUARANTOR

Witness/Attest

Witness/Attest

Witness/Attest

By: _____

Name: _____

**ADDENDUM TO THE LICE LIFTERS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

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

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

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for a franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**AMENDMENT TO THE
LICE LIFTERS[®] FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and the regulations promulgated thereunder (N.Y. Comp. Code R. § Regs. tit 13, §§ 200.1 through 201.16), the parties to the attached Lice Lifters Franchising LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Under Section 4.6.2 of the Agreement, under the heading “Renewal,” the subsection 4.6.2(e) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

4.6.2(e) You shall execute a general release, in a form satisfactory to Us, with respect to any and all claims, known or unknown, that You might have against Us or our subsidiaries, or affiliates, or their respective officers, directors, agents, or employees, provided, however, that all rights enjoyed by You and any causes of action arising in Your favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

2. Under Section 9.3 of the Agreement, under the heading “Conditions of Transfer,” the subsection 9.3(c) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(c) That the transferor shall have executed a general release, in a form prescribed by Lice Lifters, of any and all claims against Lice Lifters and its affiliates, and their respective officers, directors, agents, shareholders, and employees, provided, however, that all rights enjoyed by Franchisee/transferor, and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695, and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of New York General Business Law Sections 687.4 and 687.5 be satisfied.

5. There are circumstances in which an offering be made by Lice Lifters Franchising LLC, would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed in New York if Franchisee is domiciled in New York or the Lice Lifters Business will be opening in New York. Lice Lifters Franchising LLC is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

LICE LIFTERS FRANCHISING, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

GUARANTOR

By: _____

Name: _____

GUARANTOR

By: _____

Name: _____

Witness/Attest

Witness/Attest

Witness/Attest

Witness/Attest

**EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT**

FRANCHISE DISCLOSURE QUESTIONNAIRE

(See attached)

FRANCHISE DISCLOSURE QUESTIONNAIRE

THIS SHALL NOT BE SIGNED BY RESIDENTS OF THE STATE OF MARYLAND

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

- | | | | |
|----|------------------------------|-----------------------------|--|
| 1. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Have you received and personally reviewed the Franchise Agreement and each attachment or schedule attached to it? |
| 2. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Have you received and personally reviewed the Franchise Disclosure Document we provided? |
| 3. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| 4. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement? |
| 5. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor or have you had the opportunity for such review and chosen not to engage such professionals? |
| 6. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Have you discussed the benefits and risks of developing and operating a Franchised Business with an existing Lice Lifters franchisee? |
| 7. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Do you understand the risks of developing and operating a Franchised Business? |
| 8. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors? |
| 9. | Yes <input type="checkbox"/> | No <input type="checkbox"/> | Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Pennsylvania, if not resolved informally or by mediation? |

10. Yes ____ No ____ Do you understand that you must satisfactorily complete the initial training course before we will allow your Treatment Center to open or consent to a transfer?
11. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes ____ No ____ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Lice Lifters Business will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes ____ No ____ Do you understand that the Franchise Agreement, the attachments to the Franchise Agreement, and any addenda thereto, contain the entire agreement between us and you concerning the franchise for the Franchised Business, meaning any prior oral or written statements not set out in the Franchise Agreement, addenda thereto, or the attachments to the Franchise Agreement will not be binding?
15. Yes ____ No ____ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

EXPLANATION OF ANY NEGATIVE RESPONSE
(REFER TO QUESTION NUMBER)

Questionnaire Number	Explanation of Negative Response

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date: _____

Date: _____

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

State	Effective Date
Indiana	May 3, 2019
Maryland	June 18, 2024
New York	Pending
Texas	December 27, 2012

EXHIBIT J
TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

(See attached)

RECEIPT

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

If Lice Lifters Franchising, LLC (“Lice Lifters”) offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, it or an affiliate in connection with the proposed franchise sale.

New York State Law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Lice Lifters does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

Lice Lifters authorizes the agents listed in Exhibit B to receive service of process for it.

The franchise seller(s) offering this franchise is/are checked off below:

☐ Michele Barrack, 280 Gossett Road, Spartanburg, South Carolina 29307, (484) 368-3383
☐ _____

Issuance Date: April 2, 2024 (See State Cover Page for state effective dates).

I have received a disclosure document dated April 2, 2024 that included the following exhibits:

EXHIBIT A	List of State Administrators
EXHIBIT B	List of Agents for Service of Process
EXHIBIT C	Table of Contents for Manual
EXHIBIT D	Financial Statements
EXHIBIT E	Lice Lifters Franchise Agreement
EXHIBIT F	List of Lice Lifters Treatment Centers
EXHIBIT G	State Addenda
EXHIBIT H	Franchise Disclosure Questionnaire
EXHIBIT I	State Effective Dates
EXHIBIT J	Receipt

Date

Prospective Franchisee

Print Name

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:
LICE LIFTERS FRANCHISING, LLC
280 GOSSETT ROAD, SPARTANBURG, SOUTH CAROLINA 29307**

RECEIPT

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

If Lice Lifters Franchising, LLC (“Lice Lifters”) offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, it or an affiliate in connection with the proposed franchise sale.

New York State Law requires a franchisor to provide the franchise disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Lice Lifters does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

Lice Lifters authorizes the agents listed in Exhibit B to receive service of process for it.

The franchise seller(s) offering this franchise is/are checked off below:

☐ Michele Barrack, 280 Gossett Road, Spartanburg, South Carolina 29307, (484) 368-3383
☐ _____

Issuance Date: April 2, 2024 (See State Cover Page for state effective dates).

I have received a disclosure document dated April 2, 2024 that included the following exhibits:

EXHIBIT A	List of State Administrators
EXHIBIT B	List of Agents for Service of Process
EXHIBIT C	Table of Contents for Manual
EXHIBIT D	Financial Statements
EXHIBIT E	Lice Lifters Franchise Agreement
EXHIBIT F	List of Lice Lifters Treatment Centers
EXHIBIT G	State Addenda
EXHIBIT H	Franchise Disclosure Questionnaire
EXHIBIT I	State Effective Dates
EXHIBIT J	Receipt

Date

Prospective Franchisee

Print Name

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:
LICE LIFTERS FRANCHISING, LLC
280 GOSSETT ROAD, SPARTANBURG, SOUTH CAROLINA 29307**