

## FRANCHISE DISCLOSURE DOCUMENT



# POOP 911®

Hounds Mounds, Inc.  
*a Texas corporation*  
3824 Cedar Springs Rd., Ste 200  
Dallas TX 75219  
214-395-9420  
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[franchises@poop911.com](mailto:franchises@poop911.com)

We offer Poop 911 franchises, which will operate a Poop 911 Pet waste removal service business. The total investment necessary to begin operation of a Poop 911 franchise business ranges from \$3,620 to \$25,970. The initial fees paid to us are \$0 (zero dollars).

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 document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor, its parent or an affiliate in connection with the proposed franchise sale. Note, however, no governmental agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Administration, Poop 911, 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219, [franchises@poop911.com](mailto:franchises@poop911.com).

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

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

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

Issued: May 13, 2021

## STATE COVER PAGE

### 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G-1 and G-2.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Poop 911 business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Poop 911 franchisee?</b>	Item 20 or Exhibits E-1, E-2 and E-3 list current and former franchisees and authorized dealers. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may for you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and a loss of your investment.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

## **INFORMATION FOR RESIDENTS OF THE STATE OF MICHIGAN**

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

(A) A prohibition of the right of a franchisee to join an association of franchisees.

(B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice hereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.

(D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months 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 the state.

(G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include but is not limited to:

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.

(ii) the fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchisor Section, 670 Law Building, 525 W. Ottawa Street, Lansing, Michigan 48913, 517-373-7117.

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EXHIBITS

Addendum to FDD: State Regulations and Requirements

- A LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- B FINANCIAL STATEMENTS
- C FRANCHISE AGREEMENT (FA)
  - Exhibit A Agreement for the Sale of Receivables
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- E LIST OF POOP 911 FRANCHISEES
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STATE EFFECTIVE DATES are listed immediately preceding RECEIPTS pages.

## Item 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Hounds Mounds, Inc., a Texas corporation. For ease of reference, Hounds Mounds, Inc. will be referred to as "we" or "us" in this Disclosure Document. We will refer to the person who buys the franchise as well as your owners if you are a corporation, partnership or other entity as "you" throughout the Disclosure Document. If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also apply to your owners and will be noted.

We are a Texas corporation incorporated on November 15, 2005 under the name "Hounds Mounds, Inc." Since inception, our principal business address has been 3824 Cedar Springs Rd, Ste 200, Dallas, TX 75219. Our agents for service of process are listed in Exhibit A.

We have no parent or affiliates that offer franchises in any line of business or provide products or services to the franchisees of the franchisor.

We have no predecessors or affiliates.

#### Our Business:

We offer Poop 911 franchises, granting the right to operate a pet waste removal service business under our trade name of "Poop 911". Operating and franchising Poop 911 pet waste removal service businesses is our only business. Although we intend to concentrate on the direct marketing of pet waste removal services through a system of independent franchisees, we reserve the right to develop alternative methods of distribution of pet waste removal services and related pet products.

We do not engage in any other business activities other than the sale of Poop 911 franchises, the oversight of the Poop 911 franchise system and the operation of the back office administration, scheduling and customer billing services we provide. Since November 2005, we have owned and continue to operate a pet waste removal service business in the Dallas/Fort Worth metropolitan area that is substantially similar to the Poop 911 franchise business. We offered a business opportunity that some states have determined is a franchise from March 2008 to February 2012. We have been offering this current franchise format since September 30, 2012.

#### The Poop 911 Franchise Business:

The Poop 911 pet waste removal service business is designed to allow franchisees in the pet waste removal industry to build a strong customer base quickly. Our goal is to grant franchises to individuals who have the desire, common sense and general business acumen to operate a Poop 911 franchise business. Each franchisee works independently either alone or with their employees within an exclusive territory. A Poop 911 franchise is a mobile business that typically is based at the franchisee's home and operates from its vehicle(s), although a commercial office is also an option. The franchisee must oversee or perform a substantial portion of the work. Each Franchise Business provides pet waste removal services, primarily to residential customers as well as home owner associations, apartment complexes and commercial properties. We provide extensive marketing through our web site, a central call and scheduling center and a website for the franchise system. Appointments for service are made into the system and routing and customer billing provided through our automated BARCS system.

The franchisee will develop customer accounts within the exclusive territory we grant. So long as certain conditions are met, the customers you service within your territory will be exclusive to your business, except for those customers whose requirements you are unable to meet or that you decline to serve.

We provide a complete package of back office support services for the Poop 911 franchisee to start business immediately upon completion of training. We have developed a unique software platform and part of the back office support that we provide you is access to our Billing, Administration, Routing, Customer Scheduling program (BARCS). With minimal administrative requirements, you may maintain an office in your home or you may lease office space in a commercial building, typically an office suite. You will focus your efforts on marketing Poop 911 pet waste removal services, developing, maintaining and servicing customer accounts. While you may employ full or part-time employees, you must still oversee or perform a substantial portion of the day to day operations/work yourself. You determine your business schedule following the guidelines set forth in the Operations Manual. The BARCS central routing, scheduling and billing system allows you to manage the work schedule of your Business via the franchise system website. Customer service and sales skills are necessary for a successful Business. Your customers are typically the general public who own or rent a home or apartment, as well as home owner associations, apartment complexes and commercial properties. We provide caps, T shirts and promotional items and media as part of the package. Our back office support and BARCS services relieve you of much of the administrative and recordkeeping burdens typical of small businesses as well as to provide some support personnel.

We will offer franchises solely under the terms of individual Franchise Agreements depending upon our evaluation of your desires, qualifications, general business background and ability to finance or obtain financing for your franchise business. To qualify, applicants must satisfy us that they have the ability, business experience, a strong work ethic and a reasonable business plan to enable them to develop a successful pet waste removal business.

The Poop 911 business is a service that we have developed and operated. We anticipate further developing this concept as franchises expand. Poop 911 businesses markets primarily to pet owners who reside in single family dwellings, as well as home owner associations, apartment complexes and commercial properties. The pet waste removal services business is highly competitive. You should expect to compete with national, regional and local franchised pet waste removal businesses and a variety of local independent businesses that offer a selection of pet waste removal and personnel services.

### Competition

Although a relatively new industry, there is considerable competition for pet waste removal services. It varies considerably throughout the country, and depends upon the market. You should expect competition with national franchise systems, regional companies and a variety of local independent operators that offer pet waste removal services. We do expect our franchisees to comply with any changes we implement to keep the Poop 911 businesses growing and competitive.

### Industry Laws and Regulations

We are not aware of any laws or regulations specific to the pet waste removal business, but you must comply with all local, state and federal laws regulating your business and remain current on best practices and compliance with state and federal employment and labor laws as they may develop. You will also be responsible for staying abreast of and complying with employment, workers' compensation, insurance, corporate, tax, and similar laws and regulations, as well as any federal, state,

or local laws of a more general nature that may affect the operation of your franchised business. We recommend that you consult with state and county officials and your business and legal advisors for further information about applicable laws and required permits. Many local governments also require business licenses and other local statutory requirements. You are strongly advised to thoroughly investigate such laws for the state and city in which you intend to operate the Franchise Business. You must comply with all local, state and federal laws regulating your business.

Prior Business Experience:

We own and have operated one pet waste removal business similar to our franchise in Dallas, Texas, since November 2005. Our founder, Geoffrey Bodle has directed the establishment and operation of pet waste removal services in Texas since 2005.

Other Lines of Business

We have not offered franchises in other lines of business.

**Item 2**

**BUSINESS EXPERIENCE**

**Geoffrey Bodle - President and Secretary:**

Mr. Bodle has been our Chairman and President since we were incorporated in November 2005. He also serves as a Business Consultant for Ernst & Young in Dallas, Texas since July 2004.

**Item 3**

**LITIGATION**

Except as described below, no litigation is required to be disclosed in this Item,.

On June 25, 2012, the State of California, Department of Corporations, (now the Department of Business Oversight) issued a Desist and Refrain Order, finding we and Geoffrey Bodle, our President and Secretary had been offering and/or selling Poop 911 franchises in the state of California without complying with the California Franchise Investment Law (CFIL) and ordering us to desist from offering or selling franchises unless and until the offers are registered pursuant to the CFIL. On June 28, 2012, we signed a Stipulation to the Entry of the Order, agreeing that we would not offer or sell franchises unless we are registered as required by the CFIL.

On March 12, 2013, we voluntarily entered into a Consent Order with the Securities Division, Washington Department of Financial Institutions. The Consent Order, No. S-13-1191-13CO01, found that we had violated RCW 19.100.080 by offering and selling a Poop 911 franchise business to a Washington resident without first being registered to sell franchises in the state of Washington and without providing the requisite disclosure document. We agreed that we would not offer or sell franchises unless we are registered and paid \$875.00 to reimburse the Securities Division's investigation costs.

On August 13, 2013, Hounds Mounds, Inc. (Claimant) filed a demand for arbitration with the American Arbitration Association for breach of contract against a former franchisee Adrian Finch (Respondent) in the Ft. Lauderdale, Florida area, who had abandoned his franchised business and claimed to terminate the franchise agreement. [AAA Case #71-20-1300-0449] Hounds Mounds, Inc. dba Poop 911 vs Adrian Finch.] Claimant subsequently amended the arbitration demand to include claims for trademark infringement under both state trademark law and the Lanham Act, as well as unfair competition, fraud, tortious interference with contractual relations, and breach of the implied covenant of good faith and fair dealing. Claimant sought actual and consequential damages, declaratory relief, lost profits and punitive damages for wilful and malicious conduct. Respondent filed a general denial response and request for a continuance in the arbitration. On April 18, 2016, the arbitrator found that, since neither party could provide evidence that a signed franchise agreement ever existed and insufficient evidence was offered to support the damage claims although Respondent may have breached some terms in the unsigned franchise agreement, no damages were awarded. Because Claimant was deemed to have abandoned the general Ft. Lauderdale area and the non-competition clause overly broad, no injunction was granted. Administrative fees of \$7,889 and arbitrator fees of \$5,250.00 were ordered borne equally, with Respondent ordered to reimburse Claimant \$6569.50 for excess fees it incurred.

On September 30, 2013, Finch filed a complaint, Adrian vs Hound Mounds, Inc. in the 17<sup>th</sup> Judicial Circuit Court in Ft. Lauderdale, Broward County, Florida, Case No. CACE13021959 alleging violations of the Florida Deceptive and Unfair Trade Practices act and the Florida Franchise Act. Hounds Mounds, Inc. filed a motion to stay the suit pending arbitration under the Florida Arbitration Act. On October 16, 2018, a Final Order and Directions to the Clerk to Close the Case was issued, dismissing the case without prejudice for lack of prosecution.

#### **Item 4**

#### **BANKRUPTCY**

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

#### **Item 5**

#### **INITIAL FEES**

We do not charge an Initial Franchise for a Poop 911 franchise to offer and provide pet waste removal services within an exclusive territory. We do require that after you sign the franchise agreement and before you start training you must have your vehicle wrapped for our specified signage and advertising requirements. We will provide you with specifications for the vehicle wrap after signing. You may use any vendor who can meet our specifications, and we will pay the vendor directly.

We do not guarantee any note, lease or obligation you may incur. Neither we, nor any affiliate offers financing that requires you to waive notice, confess judgment or waive a defense against us, although you may lose your defenses against us in a collection action on a note that is sold or discounted.

#### **Refundability**

There are no initial fees to refund.

**Item 6**

**OTHER FEES**

<b>Name of Fee ( Note 1)</b>	<b>Amount</b>	<b>Due Date (Note 2)</b>	<b>Remarks</b>
<b>Royalty (Note 2)</b>	25% of Gross Revenues	Deducted from Gross revenues at the end of each Settlement Period	"Gross Revenues" means all revenues received by the Business from any source, excluding sales tax, customer adjustments and credits.
<b>National Marketing Cooperative Fee (Note 3)</b>	Up to 1% of Gross Revenues	Deducted from Gross Revenues at the end of each Settlement Period (not currently charged)	When we decide there are sufficient franchisees within a region, we may require you join a local franchisee advertising co-op, then you must agree and contribute the amount we specify.
<b>Additional or Refresher Training (Note 4)</b>	None at present	Before attending training.	We reserve the right to charge a reasonable fee for additional training. Amount of any training fee will be determined by the trainer, type and extent of training provided.
<b>Transfer Fee</b>	Greater of \$1,000 or our actual costs	Upon final approval of proposed transferee.	If our costs incurred in training a transferee and preparing appropriate transfer documents are greater than the transfer fee then you will instead pay our costs.
<b>Audit Costs</b>	In addition to understated amounts, if understatement found, you pay reasonable cost of audit.	Upon receipt of invoice.	Includes all costs incurred because of the inspection and audit, such as reasonable accounting and attorney fees.
<b>Required Purchases</b>	Will vary under circumstances	As incurred	Purchases are from various sources. See Item 8.
<b>Late Fees (generally) (Note 5)</b>	Greater of \$150 OR, interest of 1.5% per month of the unpaid amount or legal maximum	Upon receipt of invoice.	We may charge a late fee for each notice on any payment you owe us that we do not receive by the due date.
<b>Chargebacks and Penalties</b>	The amount of any chargebacks for your customers	Upon notice.	If credit card charges are reversed ("chargeback") by applicable merchant processing, then you must reimburse us for those costs

<b>Costs and Attorneys Fees</b>	Will vary under the circumstances.	As incurred.	Payable upon your failure to comply with the Franchise Agreement or because of other claims involving our relationship.
<b>Renewal Fee</b>	\$1000 or 1% of the Initial Franchise Fee then being charged, whichever is greater.	Six months before expiration of term of Franchise Agreement.	However, royalties and other fees may increase to the amount(s) then being charged new and renewing franchises.
<b>Insurance (Note 6)</b>	\$325- \$500	Upon receipt of invoice	You have to reimburse us, if we purchase insurance for you because you failed to do so.
<b>Indemnification</b>	Will vary under circumstances	As Incurred	You have to reimburse us if we are held liable for claims, damages or lawsuits from your operation of the Franchise Business.

Note 1 *Generally:* Unless otherwise specifically noted, all fees are imposed by and payable to us. All fees are non-refundable unless we specify otherwise.

Note 2 Settlement periods are bi-monthly, ending on the 15<sup>th</sup> and the 30<sup>th</sup> or 31<sup>st</sup> of each month, with a total of 24 settlement periods per calendar year.

Note 3 We will not form any cooperative, nor require a co-op fee contribution before the year 2014.

Note 4 Currently, we will provide initial and refresher training at no charge on a space available basis, but this is subject to change. If additional training is provided at your location, then we may charge for our representatives actual expenses incurred for travel, lodging and meals.

Note 5 Interest begins from the date of non-payment.

Note 6 Insurance costs will vary depending upon the nature and value of the physical assets, gross revenues, and other factors bearing on risk expense practices. The range listed above reflects our experience in Texas markets. See Item 8 for information on insurance requirements.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS MADE</b>
<b>Initial Franchise Fee (Note 1)</b>	None	Lump sum (Note 1)	Upon signing Franchise Agreement	Us
<b>Rent (Note 2)</b>	0 to \$1000	As arranged	As incurred	Landlord
<b>Opening Advertising</b>	\$100 - \$200 / Month	As Arranged	As incurred	Third Parties
<b>Internet Advertising via Partner Websites</b>	\$45 / Month	Monthly	2 <sup>nd</sup> Monday Every Month	Us, but not currently required
<b>Office furniture Computers, GPS, Phone (Note 3)</b>	\$0- \$1000	As arranged	As incurred	Approved Vendors, Third parties
<b>Liability Insurance (Note 4)</b>	\$300 - \$525	As arranged	As incurred	Insurance Companies
<b>Vehicle Wrap / Advertising / Signage (Note 1)</b>	\$1000 - \$2,500	As arranged	Before you can start training	Approved Vendors, Third Parties
<b>Vehicle (unless already owned)</b>	\$0 - \$15,000	As arranged	As incurred	Approved Vendors, Third Parties
<b>Training Costs / Travel (Note 5)</b>	\$325 - \$1000	As Arranged	As Incurred	Airlines, Hotels, Third Parties
<b>Professional Fees (Note 6)</b>	\$500 - \$2000	Before opening	As incurred	Your attorney, accountant, and other business advisors
<b>Pet Waste Equipment</b>	\$100 - \$200	As arranged	As incurred	Third Parties
<b>Additional Funds (3 months)</b>	\$1250-\$2500	As incurred	As incurred	Various vendors and service providers
<b>TOTAL ESTIMATED INITIAL INVESTMENT) (Notes 8 and 9)</b>	<b>\$3,620 to \$25,970</b>			

## NOTES:

1. We do not charge an Initial Franchise Fee, but you may not attend training until your vehicle has been wrapped according to our specifications using an approved vendor. We will pay the vendor directly.
2. You may base your business operations from your home, or you may lease office space or executive office suite space suitable for your business. Monthly rent and related charges will vary greatly depending upon the size of the space, its location and general rental market. Lease rental or mail service is the estimated cost for a three month period.
3. Basic office furniture and supplies include, desk, chair, file cabinet, office supplies. You must maintain telephone or cable/broadband line with high speed internet capability, as well as a cell phone and GPS device. You will need to provide computer, printer and scanner of your choice. You may already have adequate equipment and furniture in place.
4. You must obtain public liability insurance for bodily injury, property damage, and motor vehicle insurance, commercial general liability, errors and omissions and automobile insurance in a minimum limit of \$1,000,000 (One Million Dollars). Actual cost of required liability limits may vary according to the geographic location. You must also obtain business risk and casualty insurance, in limits and on terms acceptable to us and adequate to protect our interests in your continuing operation. Insurance costs will vary depending upon the nature and value of the physical assets, gross revenues, and other factors bearing on risk expense practices.
5. You must pay for your travel and lodging, and meals costs while attending training in Dallas, Texas or at the operating franchise nearest to you we designated..
6. You may desire to retain legal counsel to review your initial agreements and an accountant to advise on financial and tax matters. The fees they charge will depend on the scope of services you request and could exceed this amount.
7. This estimates your initial start up expenses for a 3-month period. We recommend you have initial operating capital of \$1,250 to \$2,500 to provide operating cash and miscellaneous costs. The amount required may fluctuate due to expenses of the Business such the efficiency of your operation, the local market for your services, the length of time it takes to establish customers and then bill and collect from customers for services. Many suppliers, utilities and tradesmen require you pay their fees and deposits before providing services, e.g. sales tax deposits, business license fees, etc. In addition, you will incur costs such as gasoline, insurance, phone, and other fees identified in Item 6, possibly office lease or purchase payments and the like before we have collected and paid you for the initial work you perform for new accounts. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your business. Operating capital and recommended additional funds are calculated solely for your Business expenses and does not include any funds you may need for personal use or salary.

There can be no assurance that these estimates and recommended amounts of additional funds will be sufficient in the case of any particular franchisee or franchise business. You should consult a business advisor before making any commitments or decisions to enter into a franchise agreement with us.

8. All fees and payments you pay to us are non-refundable, unless otherwise specifically stated. The refundability of payments to other third parties and vendors will depend upon the terms you negotiate.
9. We base the estimated initial investment on our experience and the experience of Hounds Mounds, Inc.'s founder, Geoffrey Bodle. Mr. Bodle has ten years in the industry and in the development and operation of pet waste removal businesses. We anticipate identifying more variables in expenses as we gain experience through establishing Poop 911 franchise business in different regions of the country.

## **Item 8**

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

To preserve the quality and consistency of the Poop 911 Business and of the services available to customers at your Business, we require you buy or lease certain services and items either from us or from an approved supplier. As we provide you with access to our BARCS scheduling and customer database and Recruiter Services, media materials and brochures, you will have everything you need to start your Poop 911 Business with an approved office location. You must use all our scheduling, routing and back office (scheduling, billing and credit card processing) services.

As described in Items 1 and 6, we provide customer scheduling, routing, customer billing, credit card processing and administrative services primarily through our BARCS software system. You must use all of our services unless we agree otherwise.

#### Trademarked and Proprietary Items

While operating your business, you may have the occasional need to purchase certain promotional materials (e.g., stationery, brochures, business forms ) either from us or from an approved vendor. Your equipment, supplies and software products must meet any standards and specifications we may establish. As applicable, we will provide you with standards, specifications and a list of any approved vendors. We have the right to change such a list at any time. We will issue standards to you and suppliers if needed upon request. We will notify you of any approvals and disapprovals in writing.

#### Approved Vendors

To obtain our approval of a vendor who desires to obtain an Approved Vendor designation, you or the vendor must submit to us the information we consider appropriate, including financial and business condition and reputation, facilities, insurance, credit rating; as well as appropriate service or product information. The cost of review, evaluation and any testing of this information and sampling will be your obligation or that of the vendor seeking approval. Within twenty (20) days of receipt of all required information, we will advise you or the applying vendor of our decision in writing. We will not unreasonably withhold our approval, but the final decision is solely within our discretion.

At present, we derive no income from franchisees' purchases from any approved vendor because there are no purchases made directly from us. We do not receive any money, rebates or advertising allowances from approved suppliers, but may do so in the future. Neither we, nor any of our officers owns an interest in any approved supplier, except that our President Geoffrey Bodle owns the website "poopbutler.com," a directory of pet waste removal suppliers.

We are currently the sole approved vendor for the trademarked and logo items used in the Poop 911 Business. At this time, those items are logoed sticky note pads and occasional promotional items. We control the purchase of these items to assure protection of our trademarks, trade secret rights and for quality control and uniformity of products and services within the franchise system. We sell the promotional items at or below competitive market prices where similar items may exist. Occasionally we may consent to your request to have our logo applied to an item you purchase from a local vendor, but we are not obligated to do so.

#### Revenues from Purchases

We do not provide you with any material benefit, if you use our recommended or approved suppliers. During our last fiscal year ending 12/31/20, we had total revenues of \$13,011,193 all of which consisted of revenue from the royalties (commissions) charged to franchisees. All of your required purchases represent 83% percent of your total purchases in connection with the establishment of your Business and approximately 1% of your overall purchases in operating the Business. However, you will make few purchases during the operation of your Business, and none of them will be from approved vendors, unless a replacement vehicle wrap is necessary. We also do not currently receive payments or other compensation from an approved vendor based on our franchisees' purchases, although we reserve the right to do so.

#### Advertising

You must conduct, in a professional and dignified manner, all marketing and promotion of any kind and in any medium and must conform to our specified standards. We must approve all advertising and promotional materials before you may use them. If you do not receive our written approval within 30 days, we will be deemed to have given the required approval.

#### Insurance

Before you open your office, you must obtain the insurance coverage specified in the Franchise Agreement. You must maintain this coverage for the duration of the franchise. You must also furnish us with copies of all insurance policies showing the coverage and payment of premiums required by your Franchise Agreement and then continue to provide renewal certificates. All insurance must be obtained from a responsible carrier acceptable to us holding a Best's rating of not less than A- and must name us as additional named insureds and include a waiver of subrogation rights in a form acceptable to Us. You must maintain all insurance required by law, as well as commercial general liability and automobile insurance for our current requirements of not less than One Million Dollars (\$1,000,000.00) each, together with property damage liability and casualty insurance, inland marine and business risk insurance, all in such policy limits and from such reputable insurers as are reasonably acceptable to Us. We may modify or require additional types and amounts of insurance by revisions in the Manual. You must also furnish us with copies of all insurance policies showing the coverage and payment of premiums required by your Franchise Agreement and then continue to provide renewal certificates.

No purchasing or distribution cooperatives exist. We do not negotiate purchase agreements with any suppliers for the benefit of franchisees. We may however negotiate with vendors to offer discounts to franchisees for favorable pricing for advertising, mail service, etc. These discounts are negotiated and offered to you at no profit to us. As a pet waste removal services business, Poop 911 Franchise Businesses do not distribute products and make no purchases of any significance or quantity.

**Item 9**

**FRANCHISEE'S OBLIGATIONS**

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

**Poop 911™ Franchise Agreement**

<b>Obligation</b>	<b>Section in Franchise Agreement</b>	<b>Item in Disclosure Document</b>
a. Site selection and acquisition/lease	Not Applicable	Items 7 and 11
b. Pre-opening purchases/ leases	Sections 3.5.2, 4.2, 5.2, and 6.1.2	Items 5 and 8
c. Site development and other pre-opening requirements	Not Applicable	Items 6, 7 and 11
d. Initial and on going training	Section 5.2 *	Item 11
e. Opening	Section 2.2	Item 11
f. Fees	Sections 3.1 - 3.6	Items 5, 6 and 7
g. Compliance with standards and policies/ Operating Manual	Sections 6.1*, 6.3.1 and 6.3.2	Items 8 and 11
h. Trademarks and proprietary information	Section 6.3*	Items 13 and 14
i. Restrictions on products/services offered	Sections 2.3, 6.1.5, 6.3.2	Items 11 and 16
j. Warranty and customer service requirements	Section 6.1.10	Item 8
k. Territorial development and sales quotas	None	N/A
l. Ongoing product/service purchases	Sections 5.4, 6, 6.1.2, 6.3.2,, 6.7	Item 8
m. Maintenance, appearance and upgrading requirements	Sections 6.1, 6.1.9, 8.2.3	Item 8
n. Insurance	Section 6.2	Items 7 and 8
o. Advertising	Sections 6.5-6.7	Items 6, 7 and 11
p. Indemnification	Section 7.6	Item 6

q. Owner's participation/ management	Sections 6.7, 8.4, 12.1 and 12.3	Items 11 and 15
r. Records and reports	Section 3.5*	Item 8
s. Inspections and audits	Section 3.5.3	Item 6
t. Transfer	Section 9	Item 17
u. Renewal	Section 8.2*	Item 17
v. Post-termination obligations	Section 10	Item 17
w. Non-competition covenants	Section 7.7 and Exhibit D	Item 17
x. Dispute resolution	Section 15	Item 17
y. Confidentiality and Non- Disclosure	Sections 6.3.6 and 6.3.7	Items 14 and 15

\* Includes numbered subsections

### **Item 10.**

#### **FINANCING**

Neither we nor any affiliate currently offers, directly or indirectly, any financing arrangements to any franchisee, except for a portion of the initial franchise fee to qualified franchisee operators as discussed below. Neither we nor any affiliate guarantee your note, lease, or obligation. We are unable to estimate whether you will be able to obtain financing for any part or all of your investment in our Franchise and, if so, the terms and conditions of financing. We do not have any past or present practice, nor any intention, to sell, assign or discount to any third party any note, contract or other instrument you execute.

### **Item 11**

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

**Except as listed below Hounds Mounds, Inc. is not required to provide you with any assistance.**

Before you open your Poop 911 Business, we will:

- 1) License you to use our trade name and trademarks. (Franchise Agreement - Paragraph 2.1 and 2.2)
- 2) Designate your exclusive territory. (Franchise Agreement - Paragraph 4.1 and 4.4 and Exhibit B)

- 3) Approve a home office or commercial location, develop a sales plan and prepare you for start up of your franchise business. (Franchise Agreement - Paragraph 4.2)
- 4) Help you with initial marketing, including planning and implementation. (Franchise Agreement - Paragraph 5.1)
- 5) Provide you with specifications and approved vendors for purchase of personal computer, peripherals and phone system as needed. (Franchise Agreement - Paragraph 5.1.1)
- 6) Provide you with certain basic supplies including:
  - 5 T-Shirts with logo
  - 2 Hats with logo
  - Thank you for your business door hangers
  - Initial supply of brochures
  - Sticky note pads

(Franchise Agreement - Paragraph 5.1.2)
- 7) Train you in our proprietary and trade secret methods of operation, marketing techniques, proprietary customer service strategies, customer and pet waste removal services (Franchise Agreement - Paragraph 5.2 and subsections); and
- 8) Provide you with one copy of our Operating Manual, as applicable, which will include operating procedures and standards, rules and regulations for the Franchise System, before you start training.. (Franchise Agreement - Paragraph 5.3.1)

During the operation of your Poop 911 Business, we will:

- 1) Provide you with administrative and back office support in the form of customer billing, processing, routing and scheduling services, using our BARCS system. (Franchise Agreement - Paragraph 3.3)
- 2) Remit Net Proceeds of all amounts, after deduction for royalties and all applicable fees and any adjustments and credits, collected from your customers to you each Settlement Period. (Franchise Agreement - Paragraphs 3.3, 3.3.2 and 3.3.3)
- 3) Each bi-monthly settlement period (24 settlement periods per calendar year), we will pay you Net Receipts on the 6<sup>th</sup> and 21<sup>st</sup> day of each month based on your customers' collected billings. (Franchise Agreement - Paragraph 3.3.2)
- 4) Provide you with updates to our Manual, as applicable, which will include operating procedures and standards, our current policies, rules and regulations and other confidential information for the Franchise System. (Franchise Agreement - Paragraph 5.3.1)
- 5) Provide you with phone and web training sessions support for your first 90 days in business to help in marketing and establishing your initial customer accounts (Franchise Agreement - Paragraph 5.3.2)

- 6) Provide you with advice and guidance on business operations, including interpretation and implementation of the policies and procedures in the Operating Manual (Franchise Agreement - Paragraph 5.3.30)
- 7) Periodically advise of approved vendors. (Franchise Agreement - Paragraph 5.4.1, see also Item 8)
- 8) Maintain a central Web Site promoting Poop 911 pet waste removal services and providing contact information for its franchisees in good standing. (Franchise Agreement - Paragraph 5.6)
- 9) Market the franchise system and franchisees by means of pet services listings on specialized website directories. (Franchise Agreement - Paragraph 5.6)
- 10) When 100 Poop 911 franchises are operating, appoint and consult with the Franchisee Advisory Council. (Franchise Agreement - Paragraph 7.6)

### Site Selection

We only grant an exclusive territory within which you are authorized to operate your Business, not a specific site. You will operate your Poop 911 Business at your choice of your home, commercial office space, or executive office suite meeting our current criteria. Choice of location is yours, but we have the right to disapprove (Franchise Agreement - Paragraph 4.2), if we determine the location is detrimental or in any way reflects badly on the Poop 911 trade name and business reputation. You may relocate only with our prior written approval. There is no time limit on notice of approval or disapproval but we intend to respond promptly.

### BARCS - Customer Billing, Processing and Scheduling System

Under our Customer Billing, Processing and Scheduling System (BARCS ), you send us copies of all customer agreements you have for Poop 911 pet waste removal services which must be in a form we approve. Concurrent with signing the Franchise Agreement, you will sign an Agreement for Sale of Receivables so that we may collect from the customer. (Franchise Agreement - Exhibit C.)

We will pay you net proceeds (after royalties and all adjustments and deductions authorized in the Franchise Agreement) based on amounts received from your customers twice a month, 6<sup>th</sup> and 21<sup>st</sup> day of each month. Under the Franchise Agreement, we are only required to send you the balance of the amounts actually collected as of the 15<sup>th</sup> and 31<sup>st</sup> of each month (Franchise Agreement-Paragraph 3.3.2).

We bill your customers and collect monies due by periodically charging the customer's credit card on file with us. If the credit card charge is denied or charged back to us, then we may take the steps we consider appropriate to collect. If a customer pays you directly, then you must remit the amount without deduction to us within 24 hours of receipt. However, you have the ultimate responsibility for ensuring your customers pay. If you propose a customer who does not meet our standards for creditworthiness, we may decline to approve their agreement.

### Franchisee Groups and Advertising Information; Internet Related Activities

We currently have not activated national or regional franchisee advisory or marketing activities, but may do so in the future.

*National Franchisee Advisory Council* - There is no council of franchisees who advise us on advertising policies or other matters, but we will form a National Advisory Council when there are at least one hundred operating franchises. Paragraph 6.4 of the Franchise Agreement does not give us the power to form change or dissolve an advertising council. We are not obligated to maintain any advertising program or to spend any amount on advertising in your area or territory.

*National Franchisee Marketing Cooperative* (“Marketing Co-op”) - We have the right, but not the obligation, to require you to join a local franchisee advertising association when we deem there are sufficient franchisees in a market area. The members will develop a form of membership agreement, which we may require that you sign. You may be required to contribute up to one percent (%) of gross revenue to the Marketing Co-op which will be managed by the franchisee members. The regional fund will be managed by the members. Once formed, we cannot require that an Marketing Co-op be changed, merged or dissolved. Regional funds will be managed by the Marketing Co-ops, but if the members cannot agree on any point, including organization and budget, then we will make the final decision. If we operate a company office within the market area of a Marketing Co-op, we are not obligated to participate, but our intentions would be to do so on the same basis as franchisees. We will require an annual accounting from all Area Co-ops, but the availability of financial statements and governing documents to individual franchisees will be determined when the Area Co-op is established.

*The Internet* - We maintain a Web site where all Poop 911 businesses are listed. You may not advertise, obtain directory listings or obtain or establish an independent Web page or Web site, unless we give our written consent. Separate web sites are against our current policy, which we do not anticipate changing. Any use of or Proprietary Marks in any form or fashion and in any medium requires our prior written approval. You may not offer, promote or sell any services or products or use any of the Proprietary Marks through the internet or by any electronic means including for example, blogging, social networking sites such as Instagram, Twitter, or LinkedIn, except as we may approve, but we are not required to do so.

#### Advertising Generally; National Marketing

Other than maintaining the Poop 911 website and maintaining advertising partner website listings, We do not require or provide advertising in any media, nor do we provide an advertising program. Under our current operating standards, we require that all franchises maintain a minimum of a Google Adwords, Instagram and Yelp listing and other items we identify from time to time as "websites and other advertising channels." Our Operating Manual and current requirements are published online in the Franchise Resource Center that we provide exclusively to our franchisees. This list will be updated periodically when we identify advertising channels that we believe are in the best interest of the franchisee to follow. We will provide you with templates and various marketing materials in electronic media, some of which may be appropriate to reproduce in print. You may use your own advertising materials only with our prior written approval.

#### Computer; Mobile Devices

As a minimum you must have access to high speed internet service. The operating system for your computer will be Windows 10. You must also purchase and install a basic financial recordkeeping software, currently Quickbooks, or you may hire an accounting professional who will utilize Quickbooks. You must provide us read only or accountant’s access to Quickbooks online. You must also have the software necessary to access and use the Hounds Mounds, Inc, proprietary BARCS system to which we will give you access at no charge. You will use the software to input your customer billing information and to transmit your sales activity and billing information to us. If you do not have a computer, then the

cost to acquire a computer, printer and scanner meeting our minimal requirements will range from \$450 to \$700.

You must also own and maintain a smartphone dedicated to receiving customer calls. Either an iPhone or an android based smartphone with access to the internet is acceptable.

We will have the right to change our minimum computer hardware, mobile device and software requirements occasionally. You must then upgrade your computer systems and devices to meet the new requirements within a reasonable period of receiving notice from us to do so. The franchisee has no obligation to enter into annual maintenance updates, upgrading or support contracts for any hardware or software. Neither we nor any affiliate or third party is obligated to provide ongoing maintenance repairs upgrades or updates. Costs of any optional or mandatory upgrades or maintenance that you may incur annually is unpredictable and determined by independent third party vendors and will vary according to the computer system you choose to use.

We currently do not have independent access to your computer system, but have the right to implement access to your system upon notice. You must have internet access through your computer and subscribe to an internet provider with adequate speed.

#### Time Between Signing of the Agreement and Beginning Operations:

The period of time between the signing of the Franchise Agreement (or the payment of any consideration for the franchise) and the opening of your business varies, depending upon when you schedule training. Because you start business immediately after you complete training, we expect that you will begin one (1) to two (2) weeks after signing your Franchise Agreement. Factors affecting this length of time usually include obtaining a satisfactory site, wrapping your vehicle which must be completed before you begin training, and setting up your office, lease or rental negotiations if applicable, finalizing any financing arrangements, and timing of completion of training.

#### Training:

We offer a training program comprised of extensive self managed at home and online studies using both online and hard copy materials under our supervision, as well as one day of training in-field with an available franchisee operating nearest you. The total training program, in the field and virtual, lasts approximately one (1) week. We will determine the actual length of training based on our assessment of your needs.

We will try to make training available as necessary for you. You must attend on-site and/or virtual training as we determine is appropriate. You must complete initial training to our satisfaction before you can start your Poop 911 Business. We have the right to limit availability and to charge a reasonable fee (not yet set in the absence of current retraining demands). We plan to be flexible in scheduling training to accommodate our personnel and you. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We may require you to attend refresher training courses at times and locations that we designate. You will be responsible for your related traveling and living expenses.

Our training program uses the Operating Manual which is provided through online access and other materials and online media that we may adopt (all part of the "Manual"), with the greatest amount of time spent on "hands on" training. The Table of Contents for the Manual is included as Exhibit D to this Disclosure Document. The Manual currently has a total of 64 pages. Training covers operation and management of the franchise business, managing the customer development, pet waste removal and personnel techniques, marketing, effective use of the BARCS system, our current policies, procedures

and operating requirements, as well as general business organization information. Our president, Geoffrey Bodle has primary training responsibilities as well as on-going duties in the company.

We do not charge for training, subject to those limitations summarized immediately above. You are responsible for travel, board, living expenses, any employee salary and costs.

We may require, or you may request additional refresher or retraining courses. This training is subject to availability of training personnel and limited space in scheduled classes. We may provide refresher training at our option for a charge we will determine at that time. Our founder and president, Geoffrey Bodle, supervises all training. His experience is described in Item 2. As of the date of this Disclosure Document, we provide the following training:

### Training Program

Subject	Hours of Classroom Training	Hours of on- the- Job Training	Location (Note 1)
Introduction to the brand	1 hour	Unlimited via phone first 90 days	Virtual
In the field training	0 hours	16 hours	Dallas, TX or a designated franchisee territory
BARCS system - (Billing, Administrative, Routing & Customer Scheduling system ) and Customer Service	6 hours	Unlimited via phone first 90 days	Virtual
Marketing	4 hours	Unlimited via phone first 90 days	Virtual
Poop 911 Business setup and management	4 hours	Unlimited via phone fist 90 days	Virtual
Quality process	1 hour	Unlimited via phone fist 90 days	Virtual
<b>TOTALS</b>	<b>17 hours</b>	<b>16 hours+ 90 days unlimited phone training</b>	

*Note 1 - The relevant experience of our principal trainers:*

Geoffrey Bodle - 15 years

Franchise support staff - 2+ years

Various franchisees with 2 to 10+ years operating Poop 911 businesses.

## Item 12

### TERRITORY

#### Under the Franchise Agreement:

You must operate your Business within an exclusive area we grant you that is designated by addendum attached to the Franchise Agreement (“the Exclusive Territory”). The Territory deemed appropriate will vary from franchise to franchise. We will determine the Territory by the specific geographic and market factors affecting the Territory and by our overall plan for development of the Territory. These factors include the size and demographics of the local population. We will negotiate your geographic area concurrently with the Franchise Agreement. We will describe the Territory in Exhibit A to the Franchise Agreement. We can define the exclusive Territory by reference to political divisions (town, city, county), by radius (e.g. radius from your home base), by mapped delineation, zip codes and/or by population densities.

#### Rights Within Exclusive Territory:

The grant of an Exclusive Territory means only you can market and perform Poop 911 pet waste removal services in that Territory. We define all Territories by zip codes, assigning each territory an exclusive list of zip codes in which to operate the Franchised Business. Each territory has a minimum of 250,000 population. However the Territory is defined, you must be in compliance with your Franchise Agreement and any other agreements with us to preserve your exclusive Territory. If the population substantially increases within your Exclusive Territory, and we reasonably decide that another Business is needed to service the general market area adequately, we may reduce the size of your Exclusive Territory.

Your territorial exclusivity is not dependent upon achievement of a certain sales volume, market penetration or any other contingency, with two exceptions:

1. If you twice decline to service customers within a given zip code in your Territory, we may reassign that zip code to another franchisee;
2. You must maintain the minimum number of service vehicles we require or we may reduce your Territory. Our policy for number of service vehicles is detailed in the Manual. Currently We require a minimum of one vehicle for every 125 enrolled customers in your Territory.

You must operate your Poop 911 Business solely within the Exclusive Territory we negotiated between us and as described in Exhibit B to the Franchise Agreement. We do not permit use of the Internet, except in the manner that we authorize and provide by means of our Website and other strict standards we may mandate.

Outside of Exclusive Territory: You may not solicit customers outside of the Exclusive Territory. If a customer calls requesting service outside of the Exclusive Territory, you may assist them so long as they are not located in the Exclusive Territory of another franchisee. So long as the customer is located in an Territory not yet awarded to a franchisee, then you may service the customer.

Relocation. You may relocate your office (home or office suite meeting our requirements) anywhere within the Exclusive Territory, so long as you give us prior written notice and it meets our current minimum standards. We have the right to disapprove any proposed relocation. Neither you nor

other franchisees may advertise or solicit outside of Exclusive Territory. We are not subject to those restrictions.

Other Channels of Distribution: Although not prohibited from doing so, neither we have any presently formulated plans to operate or franchise any business selling or leasing similar goods or services under a different trademark in the Exclusive Territory or elsewhere.

Major Accounts: We occasionally negotiate Major Account status with companies that 1) operate from two or more locations or 2) are of a size or nature that we determine merits Major Account status. We may at our discretion offer you the opportunity to service a Major Account within or near your Exclusive Territory as they come available through our Major Account status. We will offer you these accounts on an "as needed" basis, which may be once or periodically. If you decline to service the Major Account on the negotiated terms, we may offer the Major Account to someone else if available.

*Generally:*

We do not allow franchisees to advertise or target solicitation outside of their Exclusive Territory. Nor will we solicit or accept customers from inside the franchisee's Exclusive Territory unless it qualifies as a Major Account. You may not solicit or accept orders from customers located within the Exclusive Territory of another franchisee unless the other franchisee consents. Therefore, we do not require payment nor do we make such payments of any compensation for sales made or orders solicited in another franchisee's exclusive Territory. We are not subject to these conditions. You may not sell or provide services outside your Exclusive Territory, except with our prior approval. We do not permit use of the Internet, telemarketing, toll free telephone numbers, or other direct marketing except as we specifically approved or direct.

We offer no options, rights of first refusal or similar rights to acquire additional franchises within the Exclusive Territory or contiguous territories. You will not have a right to relocate the franchise outside the Territory or to change your Territory.

Other Channels of Distribution: We have the right to solicit and accept orders for services using our Marks or other products to customers located in your Exclusive Territory without compensation to you, although we are not presently doing so. Neither we, nor other franchisees, may do business with your customers registered as exclusive. We reserve the right to use the Marks in any other channel of distribution, including the internet, and may sell other similar services and goods under other trademarks.

### **Item 13**

#### **TRADEMARKS**

We grant you the non-exclusive right to operate a Poop 911 Business under the name Poop 911 and under any other trademarks, trade names, service marks, designs and logos currently used in the franchised business (the "Marks"). Hounds Mounds, Inc. has applied to register the following Mark on the Principal Register with the United States Patent and Trademark Office (PTO):

- Poop 911 as service mark for franchise services, namely, offering business management assistance in the establishment and operation of pet waste removal services businesses; Registration No. 4,317,856 registered October 2, 2012.

- Poop 911 as service mark for pet waste removal services.; Registration No. 4,217,810 registered October 2, 2012.

There are no presently effective determinations of the PTO, U.S. Trademark Trial and Appeal Board, the trademark administrator or court of this or any State, nor is there any interference, opposition or cancellation proceeding or material litigation pending involving the Marks, which is relevant to their use in this or any State in which we will grant franchises. We have filed all required affidavits.

All your use of the Marks and any goodwill you establish is to our exclusive benefit. You will keep no right in the Marks on termination or expiration of the Franchise Agreement, nor may you contest their ownership.

You must notify us immediately when you learn of any infringing use or claims of right to names or marks which are the same, or confusingly or deceptively similar to any of our Marks. We are not obligated to, but may in our discretion, take affirmative action to protect our rights and/or yours to the Marks. We are not required to defend you against infringement or to reimburse you for any damages for which you are held liable in any proceeding arising out of your use of the Marks. We do intend to defend our ownership of the marks according to our reasonable business judgment.

We may require that you modify or discontinue use of any Mark. If we do, we are not obligated to reimburse for the costs of changing items such as signs and stationery, or for any other loss or expense caused by the modification or discontinuance. We do not actually know of any superior prior rights or infringing uses which could materially affect your use of the principal Marks in this state or in any state in which the franchised business is to be located.

No agreements materially limit our right to use or license the use of the Marks.

#### **Item 14**

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

You must operate your business according to the Manual that will loan to you in writing and by electronic means, such as intranet and .pdf format. You must treat the Manual and any other materials, information, processes and knowledge ("materials") we create or approve for use in your operation as confidential and trade secret. You cannot copy or reproduce these materials without our written consent and must treat them as trade secret and confidential. We may and will occasionally revise the Manual, and you must comply with each revision as instructed.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as necessary in the operation of the Business and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the techniques, processes, advertising, marketing, designs, plans or methods of operation of the Business or franchise system, and any other information we designate as confidential. You may use our confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect.

You must agree that any data generated by the use of the Franchise System and in the operation of your franchised business, including customer data, lists and profiles, is confidential and trade secret to us and our property. You must acknowledge and agree the Confidential Information is confidential to and a valuable asset of ours, and is proprietary, includes our trade secrets and is disclosed to you on the condition that you and any agents who have access to the Confidential Information agree that during and after the term of the applicable agreement you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information in written or other tangible form. If you form a Business Entity, then your owners (shareholders, members, or other equity holders) must sign a Restrictive Covenant Agreement recognizing our proprietary rights and the limited non-competition restrictions of the Franchise Agreement.

*BARCS Database:* Our proprietary database designed to interface with software. The software allows our franchisees to input customers and their schedule commitments and requests into Our central database that allows efficient coordinated management of the Poop 911 pet waste removal services and efficient routing for franchisees' to maximize their schedules.

We will take the action that we think appropriate with respect to our Confidential Information. You must also agree not to contest our interest in our trade secrets. If we decide to add, modify or discontinue the use of an item or process covered by a patent or copyright, you must also do so. Although not obligated to defend your use of this information and processes, we will reimburse you for damages and reasonable costs incurred in litigation about them.

Although we have not filed applications for copyright registration, we claim copyright protection and a proprietary interest in all written, online and video materials used in conjunction with the Poop 911 Business and franchise system.. We also know of no party infringing upon the use of our copyrights or proprietary information.

We do not own any rights in or to any patents that are material to the franchise business, nor do we have any pending patent applications material to the franchise.

## **Item 15**

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

The Poop 911 pet waste removal business is a personal service business. We grant franchises and training to individuals on a personal management basis. You, or at least one of your Controlling Persons, must attend and satisfactorily complete our training course. We require that you operate and actively supervise your Business on a full time basis. We may designate specific days and hours of operation in the Manual. If we do so, then you must comply with those requirements. While you are developing your customer base, we require that you dedicate no less than one full day for every 10 customers to the operation of the Business.

If you form a corporation to act as the franchisee, you as an individual must own one hundred percent (100%) of the stock in the franchise entity. You or your Controlling Person will be the only one authorized to manage Poop 911 services. You must also sign a guaranty assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement, including the confidentiality and non-competition, and non-disclosure/non-use provisions of the Franchise Agreement.

**Item 16.**

**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell and may only sell the services we have approved. Paper goods, business supplies and any signage at your office (if not in the home) or on your vehicle must all be as specified or approved by us. (See Items 8 and 9). We do not limit the customers to whom you may provide Poop 911 services or the types of properties you may service, but you may not provide services outside your Territory without our approval. We have the right to change the types of authorized services and products, and there are no limits on our right to do so. We reserve the right to offer under a separate franchise license or by addendum in the future. See Item 12 for a discussion of general restrictions on where and to whom you may provide Poop 911 services.

**Item 17**

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

**This table lists certain important provisions of the Franchise Agreement. You should read these provisions carefully. The Franchise Agreement is attached to this Disclosure Document as Exhibit C.**

**THE FRANCHISE RELATIONSHIP**

**Poop 911™ Franchise Agreement**

<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
a. Term of the franchise	Section 8.1	Five years
b. Renewal or extension of term	Section 8.2	If you are in good standing, you can renew for five additional five year terms.
c. Requirements for you to renew or extend	Section 8.2.1- 8.2.3, 8.3	Notify us in writing, sign new agreement, pay renewal fee, fully performed during previous term, sign a general release and not be in default with us. This means you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement.
d. Termination by you	Not applicable	None except for any grounds permitted by law
e. Termination by us without cause	Not applicable	Not Applicable
f. Termination by us with cause	Sections 4.4, 4.7.3 and 12	We can terminate only if you default or commit any one of several listed violations;

g.	"Cause" defined --defaults which can be cured	Sections 10.1.2 and 10.1.3	5 to 30 days for failure to abide by our standards and procedures or any contract term not covered in 'h' below; we also reserve the right to step in and operate your business as we deem necessary, if you or your Controlling Principal die or are disabled or a material default occurs or other potentially harmful event, or in order to prevent an interruption of the Franchised Business which would harm to the System and lessen the value or continuity and stability of the Franchise Business
h.	"Cause" defined -- defaults which cannot be cured	Section 10.1.1	Abandonment, unapproved transfer, false statements or reports, fraud, breach of confidentiality, felony conviction, criminal misconduct, assignment for benefit of creditors, insolvency, bankruptcy, repeated violations, judgments or liens against you
i.	Your obligations on termination/ non-renewal	Section 11	Pay outstanding amounts, return confidential information, de-identify your Business, terminate or transfer phone listings stop using our Marks or operating a similar business, (also see "r"below)
j.	Assignment of contract by us	Section 9.2	We may freely assign the Franchise Agreement in our absolute discretion
k.	Transfer by you -- definition	Section 9.1	Includes transfer of contract, assets, stock or other ownership change
l.	Our approval of transfer by you	Section 9.1	We have the right to approve all transfers, but our consent will not be unreasonably withheld
m.	Conditions for our approval of transfer	Section 9.1.3	We have the right to require financial, credit and other information about the transferee. You must be in substantial compliance with FA, all payments current, sign a general release, pay us a training fee and assume all outstanding obligations of your franchise
n.	Our right of first refusal to acquire your business	Section 9.1.2	We match any bona fide offer
o.	Our option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	Section 9.3	Your heirs may assign your interest only with our approval, which we will not unreasonably withhold, if the general conditions for transfer are met by the heirs.

q.	Non-competition covenants during the term of the franchise	Section 7.7	Subject to state law, owners and/or signers of the Franchise Agreement may not be involved in competing business anywhere
r.	Non-competition covenants after the franchise is terminated or expires	Section 7.7	Subject to state law, for two years, no involvement as a franchisor of a similar business anywhere, or in a competing business anywhere within Your Exclusive Territory or within the Exclusive Territories of any other franchisee or any other Poop 911™ Business
s.	Modification of the agreement	Sections 6.3.1 and 14.1	No modifications without all parties' agreement, except we may unilaterally change the Operating and other Manual(s) or reduce your obligations under the Franchise Agreement
t.	Integration merger clause	Section 14.1	Only the terms of the Franchise and other written agreements are binding (subject to applicable state law.) Any representations or promises outside of the FDD and Franchise Agreement may not be enforceable
u.	Dispute resolution by mediation and litigation	Section 15.2	Except for certain claims, either party may require all disputes first be mediated in Dallas, Texas by a mutually agreed mediator.
v.	Choice of forum	Section 14.2	Litigation in Dallas County, Texas (subject to state law)
w.	Choice of law	Section 14.2	Texas law applies (subject to state law)

### Item 18

#### PUBLIC FIGURES

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

## **ITEM 19.**

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that 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 Geoffrey Bodle at 3824 Cedar Springs Rd., Ste 200 Dallas TX 75219, Dallas TX, the Federal Trade Commission and the appropriate state regulatory agencies.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

Unless otherwise noted, the information in the charts which follow in this are provided as of December 31<sup>st</sup> of each year:

Table No. 1

**Systemwide Outlet Summary**  
**For Years 2018 to 2020**

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<b>Franchised</b>	<b>2018</b>	<b>53</b>	<b>60</b>	<b>+7</b>
	<b>2019</b>	<b>60</b>	<b>61</b>	<b>+1</b>
	<b>2020</b>	<b>61</b>	<b>74</b>	<b>+13</b>
<b>Company Owned</b>	<b>2018</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2019</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total Outlets</b>	<b>2018</b>	<b>54</b>	<b>61</b>	<b>+7</b>
	<b>2019</b>	<b>61</b>	<b>62</b>	<b>+1</b>
	<b>2020</b>	<b>62</b>	<b>75</b>	<b>+13</b>

\* Company owned outlet was counted as a franchise

\*\* Four franchises combined into 2

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2018 to 2020**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Arizona</b>	<b>2018</b>	<b>0</b>
	<b>2019</b>	<b>2</b>
	<b>2020</b>	<b>0</b>
<b>Florida</b>	<b>2018</b>	<b>2*</b>
	<b>2019</b>	<b>0</b>
	<b>2020</b>	<b>0</b>
<b>Kansas</b>	<b>2018</b>	<b>1</b>
	<b>2019</b>	<b>0</b>
	<b>2020</b>	<b>0</b>

<b>Ohio</b>	<b>2018</b>	<b>0</b>
	<b>2019</b>	<b>3</b>
	<b>2020</b>	<b>0</b>
<b>South Carolina</b>	<b>2018</b>	<b>1</b>
	<b>2019</b>	<b>0</b>
	<b>2020</b>	<b>0</b>
<b>Utah</b>	<b>2018</b>	<b>1</b>
	<b>2019</b>	<b>0</b>
	<b>2020</b>	<b>0</b>
<b>All States</b>	<b>2018</b>	<b>4</b>
	<b>2019</b>	<b>4*</b>
	<b>2020</b>	<b>0</b>

\*one franchisee was bought by parent, transferred to child and sold in 2018

Table No. 3

**Status of Franchised Outlets**  
**For Years 2018 to 2020**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations Other Reasons</b>	<b>Outlets at End of the Year</b>
<b>Alabama</b>	<b>2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Arizona</b>	<b>2018</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Arkansas</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>California</b>	<b>2018</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>7</b>
	<b>2019</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2020</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

<b>Colorado</b>	<b>2018</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2019</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2020</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Connecticut</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Delaware</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Florida</b>	<b>2018</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2019</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2020</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Georgia</b>	<b>2018</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Idaho</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Illinois</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Indiana</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Iowa</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						

<b>Kansas</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Kentucky</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Louisiana</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Maine</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Maryland</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Massachusetts</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Michigan</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Minnesota</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Mississippi</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						

<b>Missouri</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>Montana</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Nebraska</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Nevada</b>	<b>2018</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>New Hampshire</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>New Jersey</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
<b>New Mexico</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>New York</b>	<b>2018</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2019</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2020</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>North Carolina</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

<b>North Dakota</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Ohio</b>	<b>2018</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
	<b>2019</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>4</b>
	<b>2020</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Oklahoma</b>	<b>2018</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Oregon</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Pennsylvania</b>	<b>2018</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Rhode Island</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>South Carolina</b>	<b>2018</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>South Dakota</b>	<b>2018</b>	<b>0</b>						
	<b>2019</b>	<b>0</b>						
	<b>2020</b>	<b>0</b>						
<b>Tennessee</b>	<b>2018</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2019</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
	<b>2020</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

Texas	2018	9	0	0	0	0	0	9
	2019	9	0	0	0	1	0	8
	2020	8	0	0	0	0	0	0
Utah	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
Vermont	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Virginia	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Washington	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
West Virginia	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wisconsin	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Wyoming	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

<b>Washington D.C.</b>	<b>2018</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2019</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Totals</b>	<b>2018</b>	<b>53</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>60</b>
	<b>2019</b>	<b>60</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>61</b>
	<b>2020</b>	<b>61</b>	<b>13</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>74</b>

Table No. 4

**Status of Company-Owned Outlets  
For Years 2018 to 2020**

<b><u>State</u></b>	<b><u>Year</u></b>	<b><u>Outlets at Start of the Year</u></b>	<b><u>Outlets Opened</u></b>	<b><u>Outlets Reacquired From Franchisee</u></b>	<b><u>Outlets Closed</u></b>	<b><u>Outlets Sold to Franchisee</u></b>	<b><u>Outlets at End of the Year</u></b>
<b>Texas</b>	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
<b>Totals</b>	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1

Table No. 5

**Projected Openings As of December 31, 2020**

<b><u>State</u></b>	<b><u>Franchise Agreements Signed But Outlet Not Opened</u></b>	<b><u>Projected New Franchised Outlet In The Next Fiscal Year</u></b>	<b><u>Projected New Company-Owned Outlet in the Next Fiscal Year</u></b>
<b>Arizona</b>	<u>0</u>	<u>1</u>	<u>0</u>
<b>New York</b>	0	1	0
<b>Texas</b>	0	1	0
<b>Virginia</b>	0	1	0
<b>All other states</b>	0	3	0
<b>Total</b>	0	8	0

We have had one franchisee who have had their franchise terminated, otherwise canceled, not renewed, or involuntarily ceased to do business within the last twelve months. Their contact information is:

John Byrd  
1642 S. Poplar  
Wichita, KS 67211  
Phone #: 316-5005239  
@yahoo.com

No other franchisees have otherwise voluntarily ceased to do business under the franchise agreement in the last fiscal year or have not communicated with us within 10 weeks of the effective date of this Disclosure Document. A list of current franchisees is attached to this Disclosure Document as Exhibit E. There are no franchisees that have otherwise voluntarily ceased to do business under the franchise agreement or not communicated with us within ten (10) weeks of the effective 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. No franchisees have signed confidentiality clauses during the last three years. There are no known trademark specific franchisee organizations associated with the Poop 911™ franchise system.

## **Item 21**

### **FINANCIAL STATEMENTS**

The financial statements of Hounds Mounds, Inc. are included as Exhibit B of this Franchise Disclosure Document. These include the audited statements for our fiscal years ending December 31, 2018, December 31, 2019, December 31, 2020 and the unaudited interim statements for the four months ended April 30, 2021.

## **Item 22**

### **CONTRACTS**

The Franchise Agreement is attached as Exhibit C and the Agreement for Sale of Business Receivables Agreement is included as Exhibit A of the Franchise Agreement. The current form of General Release being required upon renewal or transfer is attached as Exhibit F.

## **Item 23**

### **RECEIPTS**

The last two pages of this Disclosure Document are detachable documents acknowledging your receipt of this Disclosure Document. You must sign each Receipt. If you are missing these Receipts, please contact us at this address or telephone number.

Hounds Mounds, Inc.  
a Texas corporation  
3824 Cedar Springs Rd., Ste 200  
Dallas, TX 75219  
214-395-9420  
franchises@poop911.com

**ADDENDUM TO**

**FRANCHISE DISCLOSURE DOCUMENT  
and Franchise Agreement**

**STATE REGULATIONS AND REQUIREMENTS**

## **FOR RESIDENTS OF THE STATE OF CALIFORNIA**

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

Neither the franchisor nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange. See FDD Item 3.

Item 5 of the FDD is amended to state:

To provide financial assurance of the franchisor's pre-opening obligations, the franchisor has obtained a bond issued by Harco National Insurance Company in the amount of \$50,000. The effective date of the bond is November 25, 2019.

The California Franchise Relations Act (Business and Professions Code Sections 20000 through 20043) (the "Act") provides rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.). See FDD Item 17.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. See Items 9, 14 and 17.

The Franchise Agreement requires application of the law of the State of Texas. This provision may not be enforceable under California law. See Item 17.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043). See FDD Item 17.

Renewal means signing the then current Franchise Agreement which may contain materially different terms and conditions from the original contract.

## **FOR RESIDENTS OF THE STATE OF HAWAII**

Item 5 of the Disclosure Document is amended to state:

There are no initial franchise fees. THE FRANCHISOR HAS A DEFICIT NET WORTH OF \$161,580 AS OF DECEMBER 31, 2019. As a result, for each franchise sold in Hawaii, the State of Hawaii has required us to defer all payments payable to the franchisor, if any were charged, until all pre-opening obligations of the franchisor have been satisfied and and you have opened your franchise business.

## **FOR RESIDENTS OF THE STATE OF ILLINOIS**

The Franchise Agreement to which this Addendum is attached shall be amended as hereafter set forth to comply with the Illinois Franchise Disclosure Act, as amended, and the Illinois Disclosure Rules and Regulations:

Section 10 is amended to add: " Termination or non-renewal of this Agreement must comply with 815 ILCS 705/19 and 815 ILCS 705/20 respectively."

Paragraph 14.2 is amended to delete the first sentence and substitute in its place: "This Agreement will be construed under the laws of the state of Illinois and any legal action concerning this Agreement will be brought in a court of competent jurisdiction in the State of Illinois."

On the Cover Page of the Disclosure Document, the Risk Factors are amended to add:

THE FRANCHISE AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

Section 14.1 of the Franchise Agreement is amended to include the following statement:

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

In Item 17 of the Disclosure Document, the sub-sections (v) and (w) are amended to read:

(v) "Choice of forum shall be Illinois"

(w) Choice of law for litigation and arbitration shall be Illinois law

At the end of 2016, Franchisor had negative equity in its own company. This means that your required investment in this franchised business exceeds Franchisor's assets.

## **FOR THE STATE OF MARYLAND**

The Disclosure Document and the Franchise Agreements are amended to reflect the following requirements of Maryland law:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The representations made in Sections 16 and 17 of the Franchise Agreement 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.

Item 17(u) of the Disclosure Document, Paragraph 15.5 of the Franchise Agreement are amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Item 17 of the Disclosure Document, Paragraphs 8.2 and 9.1.3( c) of the Franchise Agreement, are supplemented as follows: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the Disclosure Document, Paragraph 13.2 of the Franchise Agreement, and Exhibit D to the Franchise Agreement, Restrictive Covenant Agreement, Paragraph 9 are amended to add the following: "Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any such claims must be brought within 3 years after the grant of the franchise.

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

#### **FOR RESIDENTS OF THE STATE OF MINNESOTA:**

The State cover Page and Item 17 are amended by the addition of the following:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreements can require you to waive, abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 13 is amended by the addition of the following:

The Minnesota Department of Commerce requires that we indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that their use of our Marks infringes upon the trademark rights of the third party. We will not indemnify any franchisee against the consequences of their use of our Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to an indemnification, the franchisee must provide notice to us of any such claim immediately and tender the defense of the claim to us. If we accept tender of defense we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17 is amended by the addition of the following:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subdivisions 3, 4, and 5 which require, except in certain specified cases, you be given 90 days notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J among other things, prohibits us from requiring you waive your rights to a jury trial or to consent to liquidated damages, termination penalties or judgment notes.

#### **FOR RESIDENTS OF THE STATE OF NEW YORK**

All references to "Franchise Disclosure Document" shall be deemed to include the term "Offering Prospectus" as used under New York law.

Item 3 of this Offering Prospectus is supplemented with the following: "Neither we, nor any predecessor, nor any person identified in Item 2 of this Franchise Disclosure Document or an affiliate offering franchises under the franchisor's principal trademark:

"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.

There are no 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.”

“Has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten 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.”

“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 Item 2 is subject to any 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. agent.”

Item 4 of this Offering Prospectus is supplemented with the following: "During the ten (10) year period immediately preceding the date of this Offering Prospectus, neither we nor any affiliate, predecessor, officer or general partner of Hounds Mounds, Inc. has (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Hounds Mounds, Inc. the franchisor held this position in the company or partnership.”

Item 5 of this Offering Prospectus is supplemented with the following: “The Initial Franchise Fee is added to general operating revenues which include income from royalties, franchise fees and the sale of miscellaneous items. General administrative and operating expenses incurred in the ordinary course of business are paid out of general operating revenue, including the expenses incurred in providing training, if applicable, the cost of printing the operating manual and other actual expenses incurred in procuring, assisting and establishing each franchised Dealership.”

Item 17 section d of this Offering Prospectus is supplemented as follows: “The franchisee may terminate the agreement on any grounds available by law.”

Item 17, section J is supplemented with the following: “However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchise agreement.”

Item 17, section w is supplemented as follows: “The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the the General business law of the state of New York.”

Modifications that we make to our Manual as permitted by the Franchise Agreement will not impose an unreasonable economic burden on you.

Provisions of general releases are mentioned in the Offering Prospectus and specified in the Franchise Agreement. These releases are limited by the following: all rights enjoyed by you 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 that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

No assignment of the Franchise Agreement by us will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

The choice of law of the Franchise Agreement should not be considered a waiver of any right conferred upon either you or us by the General Business Law of the State of New York, Article 33."

#### **FOR RESIDENTS OF THE STATE OF NORTH DAKOTA**

The following additional disclosures are required by the North Dakota Franchise Investment Law:

##### **Item 6 Other Fees**

North Dakota law prohibits us from requiring you to consent to pay liquidated damages

##### **Item 17 Renewal, Termination, Transfer And Dispute Resolution**

Non-competition covenants are generally considered unenforceable in the State of North Dakota.

The release required as a condition of renewal and/or assignment/transfer will not apply to any liability arising under the North Dakota Franchise Investment Law.

Any provision of the franchise agreement restricting jurisdiction or venue to a forum outside the State of North Dakota or requiring the application of the laws of a state other than North Dakota is void.

Any provision of the franchise agreement requiring you to waive the right to a trial by jury is void.

Any provision of the franchise agreement requiring you to waive exemplary or punitive damages is void.

Any provision of the franchise agreement requiring you to consent to a statute of limitations that is shorter than the applicable North Dakota statute of limitations is void.

North Dakota law prohibits us from requiring you to pay liquidated damages.

Notwithstanding any provision of the franchise agreement, the payment of the initial franchise fee owed to Franchisor is deferred until such time as all initial obligations owed to the Franchisee under the Franchise Agreement or other agreements have been fulfilled by the Franchisor and Franchisee has commenced doing business pursuant to the Franchise Agreement.

#### **FOR RESIDENTS OF THE STATE OF RHODE ISLAND:**

**Item 17** is amended by the addition of the following:

The Rhode Island Franchise Investment Act at Section 19-28.1-14 provides that "a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

#### **FOR THE COMMONWEALTH OF VIRGINIA**

According to Section 13.1 - 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **FOR RESIDENTS OF THE STATE OF WASHINGTON:**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN AGREEMENT WHEREOF, the parties have signed this Addendum to the FDD and Franchise Agreement dated: \_\_\_\_\_.

You: \_\_\_\_\_

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

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

HOUNDS MOUNDS, INC.

Dated: By: \_\_\_\_\_  
Geoffrey Bodle, President

## EXHIBIT A

### State Administrators and Agent Authorized to Receive Service of Process

#### 1. State Administrators:

##### CALIFORNIA

CA Commissioner  
Department of Business Oversight  
320 W. 4<sup>th</sup> St., Ste. 750  
Los Angeles, California 90013-2344  
1-866-275-2677

##### HAWAII

Securities Examiner  
Department of Commerce  
and Consumer Affairs  
1010 Richards Street  
Honolulu, Hawaii 96813  
(808) 548-6521

##### ILLINOIS

Franchise Division  
Office of Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

##### INDIANA

Chief Deputy Commissioner  
Franchise Section/Securities Division  
Indiana Securities Division  
Secretary of State  
302 West Washington Street, Room E-111  
Indianapolis, Indiana 46204  
(317) 232-6685

##### MARYLAND

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202  
(410) 576-6360

##### MICHIGANs

Franchise Administrator  
Consumer Protection Division  
Michigan Department of Attorney General  
670 Law Building  
525 West Ottawa  
Lansing, Michigan 48913  
(517) 373-7117

##### MINNESOTA

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101  
(651) 539-1500

##### NEW YORK

New York State Department of Law  
Investor Protection Bureau  
28 Liberty St. 21<sup>st</sup> floor  
New York, New York 10005  
(212) 416-8236

##### NORTH DAKOTA

Franchise Examiner  
Office of the North Dakota  
Securities Commissioner  
600 East Boulevard, 5th Floor  
Bismarck, North Dakota 58505  
(701) 224-4712

##### OREGON

Department of Consumer & Business Services  
Division of Finance & Corporate Securities  
Labor and Industries Building  
Salem, Oregon 97310

RHODE ISLAND

Associate Director and  
Superintendent of Securities  
Division of Securities  
233 Richmond Street, Suite 232  
Providence, Rhode Island 02903-4232  
(401) 277-3048

SOUTH DAKOTA

Franchise Administrator  
Division of Securities  
118 West Capitol Avenue  
Pierre, South Dakota 57501  
(605) 773-4823

VIRGINIA

Chief Examiner  
State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street, 9th Floor  
Richmond, Virginia 23219  
(804) 371-9051

WASHINGTON

Administrator  
Securities Division  
Department of Financial Institutions  
150 Israel Rd. S.W.  
Tumwater, Washington 98501  
(360) 902-8760

WISCONSIN

Commissioner of Securities  
Securities and Franchise Registration  
Wisconsin Commissioner of Securities  
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CA Commissioner  
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State of California  
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HAWAII

Director, Department of Commerce and  
Consumer Affairs  
Business Registration Division  
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MARYLAND

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Baltimore, Maryland 20201-2020

MICHIGAN

Consumer Protection Division  
Michigan Department of Attorney General  
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525 West Ottawa  
Lansing, Michigan 48913

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Commonwealth of Virginia  
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Richmond, Virginia 23219

WASHINGTON

Securities Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Rd. S.W.  
Tumwater, Washington 98501

**EXHIBIT B to FDD**

**Hounds Mounds, Inc.  
Financial Statements**

**HOUNDS MOUNDS, INC.**  
**Unaudited Balance Sheet**  
**and Income Statement**  
**for the four months ending April 30, 2021**

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

# POOP 911

Balance Sheet  
As of April 30, 2021

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 Checking	320,174.45
<b>Total Bank Accounts</b>	<b>\$320,174.45</b>
Accounts Receivable	
1200 Accounts Receivable	62,624.25
<b>Total Accounts Receivable</b>	<b>\$62,624.25</b>
<b>Total Current Assets</b>	<b>\$382,798.70</b>
Fixed Assets	
1510 Leasehold Improvements	18,104.00
1515 Vehicles	164,641.00
1535 Vehicle 2013 From F150	77,759.14
1560 Equipment	171,842.80
1565 Furniture and Fixtures	66,885.75
1595 Accumulated Depreciation	-293,138.00
<b>Total Fixed Assets</b>	<b>\$206,094.69</b>
Other Assets	
1600 Website Poop Butler	434,757.40
1605 Loan Origination Fees	5,000.00
1610 Franchise Client List	2,625.00
1695 Accumulated Amortization of Other Assets	-288,375.05
<b>Total Other Assets</b>	<b>\$154,007.35</b>
<b>TOTAL ASSETS</b>	<b>\$742,900.74</b>

# POOP 911

Balance Sheet  
As of April 30, 2021

	TOTAL
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
2100 Credit Card - American Express (SPG)	56,932.17
<b>Total Credit Cards</b>	<b>\$56,932.17</b>
Other Current Liabilities	
2120 Accrued Expenses	652,635.45
2300 Current Portion of LTD	30,944.60
<b>Total Other Current Liabilities</b>	<b>\$683,580.05</b>
<b>Total Current Liabilities</b>	<b>\$740,512.22</b>
Long-Term Liabilities	
2435 SBA EIDL Loan	150,000.00
2700 Less - Current Portion LTD	-30,944.60
2858 NP Tesla - Alliant Credit Union	76,454.18
<b>Total Long-Term Liabilities</b>	<b>\$195,509.58</b>
<b>Total Liabilities</b>	<b>\$936,021.80</b>
Equity	
3500 Capital Stock	1,000.00
3900 Retained Earnings	-331,149.83
3950 Draws	-187,037.91
Net Income	324,066.68
<b>Total Equity</b>	<b>\$ -193,121.06</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$742,900.74</b>

# POOP 911

## Profit and Loss

January - April, 2021

	TOTAL
Income	
4000 Sales	5,189,610.63
4999 Outlet Returns	-4,308,853.88
<b>Total Income</b>	<b>\$880,756.75</b>
Cost of Goods Sold	
Cost of Goods Sold	1,137.46
<b>Total Cost of Goods Sold</b>	<b>\$1,137.46</b>
<b>GROSS PROFIT</b>	<b>\$879,619.29</b>
Expenses	
6000 Advertising	19,187.40
6010 Auto	2,533.04
6030 Bank Charges	168,849.82
6037 Charitable Contributions	500.00
6050 Computer and Internet Costs	51,524.09
6059 Contract Labor	52,686.35
6060 Dues & Subscriptions	4,135.12
6115 Insurance - Health	348.00
6130 Interest Expense	23,475.28
6150 Legal & Professional Fees	8,284.07
6170 Meals and Entertainment	5,669.43
6180 Office Expenses	6,161.81
6190 Office/General Administrative Expenses	20,411.60
6210 Payroll Expenses	198,423.25
6250 Postage & Delivery	421.07
6290 Repair & Maintenance	4,922.53
6370 Telephone	248.10
6380 Travel	4,294.67
6440 Utilities	11,139.54
<b>Total Expenses</b>	<b>\$583,215.17</b>
<b>NET OPERATING INCOME</b>	<b>\$296,404.12</b>
Other Income	
8100 SBA PPP Forgiveness	43,245.00
<b>Total Other Income</b>	<b>\$43,245.00</b>
Other Expenses	
8000 Depreciation	15,582.44
<b>Total Other Expenses</b>	<b>\$15,582.44</b>
<b>NET OTHER INCOME</b>	<b>\$27,662.56</b>
<b>NET INCOME</b>	<b>\$324,066.68</b>

**Hound Mounds, Inc. dba Poop 911**

**Audited Financial Statements**

**December 31, 2020 and 2019**

**Preston & Dake, P.C.**

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Certified Public Accountants  
& Consultants

**Hound Mounds, Inc. dba Poop 911**

**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hound Mounds, Inc. dba Poop 911  
Dallas, TX

We have audited the accompanying financial statements of Hound Mounds, Inc. dba Poop 911 (a Texas S-Corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hound Mounds, Inc. dba Poop 911 as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information found in Exhibit A is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Preston & Dake, PC*

Preston & Dake, P.C.  
Dallas, TX

May 13, 2021

**Hound Mounds, Inc. dba Poop 911**  
**Balance Sheets**  
**December 31, 2020 and 2019**

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash & equivalents	\$ 306,803	\$ 268,635
Accounts receivable	62,624	50,766
<b>Total Current Assets</b>	369,427	319,401
<b>Property and Equipment</b>		
Property & equipment	494,610	446,987
Accumulated depreciation	(277,556)	(207,747)
<b>Net Property and Equipment</b>	217,054	239,240
<b>Other Assets</b>		
Intangible assets, net of accumulated amortization of \$288,375 and \$173,053	154,007	269,329
<b>Total Other Assets</b>	154,007	269,329
<b>Total Assets</b>	\$ 740,488	\$ 827,970
<b>Liabilities &amp; Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 462,422	\$ 444,668
Credit card payable	114,785	97,165
Lines of credit	194,117	197,489
Notes payable, current maturities	93,335	163,894
<b>Total Current Liabilities</b>	864,659	903,216
<b>Long-Term Liabilities</b>		
Notes payable, net of current maturities	205,980	86,334
<b>Total Long-Term Liabilities</b>	205,980	86,334
<b>Total Liabilities</b>	1,070,639	989,550
<b>Stockholders' Equity</b>		
Common stock, par value \$1.00; 2,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Retained earnings (deficit)	(331,154)	(162,580)
<b>Total Stockholders' Equity</b>	(330,154)	(161,580)
<b>Total Liabilities and Stockholders' Equity</b>	\$ 740,488	\$ 827,970

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Statements of Income and Retained Earnings**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Gross Revenue</b>	\$ 13,011,193	\$ 10,272,235
<b>Outlet Returns</b>	(10,668,498)	(8,564,557)
<b>Net Revenue</b>	2,342,695	1,707,678
<b>Operating Expenses:</b>		
General and administrative	1,059,237	733,308
Salaries and wages - officer	245,000	145,500
Salaries and wages	199,958	107,900
Selling	121,271	89,646
Depreciation and amortization	185,131	139,284
<b>Total Operating Expenses</b>	<b>1,810,597</b>	<b>1,215,638</b>
<b>Operating Income</b>	<b>532,098</b>	<b>492,040</b>
<b>Other Income (Expense):</b>		
Interest expense	(68,000)	(147,659)
Other expenses	(342)	-
Other Income	50	-
<b>Total Other Income (Expense)</b>	<b>(68,292)</b>	<b>(147,659)</b>
<b>Net Income</b>	<b>\$ 463,806</b>	<b>\$ 344,381</b>
<b>Beginning Retained Earnings (Deficit)</b>	(162,580)	(241,450)
<b>Distributions</b>	(632,380)	(265,511)
<b>Ending Retained Earnings (Deficit)</b>	<b>\$ (331,154)</b>	<b>\$ (162,580)</b>

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 463,806	\$ 344,381
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	185,131	139,284
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(11,858)	(4,760)
Increase (Decrease) in accounts payable	17,754	368,343
Increase (Decrease) in accrued expenses	-	(75,390)
Increase (Decrease) in credit cards payable	17,620	59,342
<b>Total adjustments to reconcile net income to net cash provided (used) by operating activities</b>	<b>208,647</b>	<b>486,819</b>
 <b>Cash flows from investing activities:</b>		
Cash paid for fixed assets	(47,623)	(11,449)
Cash paid for website and other intangibles	-	(205,658)
<b>Net cash used by investing activities</b>	<b>(47,623)</b>	<b>(217,107)</b>
 <b>Cash flows from financing activities:</b>		
Proceeds from lines of credit	2,312,824	1,752,800
Payments on line of credit	(2,316,193)	(1,632,444)
Proceeds from notes payable	443,245	100,000
Payments on notes payable	(394,158)	(443,345)
Distributions	(632,380)	(265,511)
<b>Net cash used by financing activities</b>	<b>(586,662)</b>	<b>(488,500)</b>
<b>Net increase in cash</b>	<b>38,168</b>	<b>125,593</b>
<b>Cash at the beginning of the year</b>	<b>268,635</b>	<b>143,042</b>
<b>Cash at the end of the year</b>	<b>\$ 306,803</b>	<b>\$ 268,635</b>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid for:		
Interest	\$ 68,000	\$ 147,659

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of Hound Mounds, Inc. dba Poop 911 (“the Company”) is presented to assist in understanding the accompanying financial statement. The financial statement and the accompanying notes are representations of management, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

**Nature of Operations**

Hound Mounds, Inc. dba Poop 911 was incorporated in the state of Texas on November 15, 2005 for the purpose of offering franchises, thus permitting others to develop and operate pet waste removal service franchises within an authorized territory using the trademarked name Poop 911.

**Method of Accounting**

The Company uses the accrual method of accounting for reporting income and expenses. Under this method, income is recorded as it is earned and expenses are recorded as incurred, resulting in proper matching of income and expenses to determine net income for a specific period of time.

**Cash and Cash Equivalents**

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

**Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances less an allowance for uncollectible accounts. The allowance is based on experience, terms of agreements, and other circumstances affecting the ability of customers to meet their obligations.

The Company provides for probable uncollectible amounts through a provision to bad debt expense and a corresponding amount being added to the valuation allowance based on management’s assessment of the current status of individual accounts. Unpaid amounts that remain after management has pursued reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to accounts receivable. Interest is not charged on open accounts. At December 31, 2020 and 2019, management assessed the status of individual accounts and its collection history with customers having outstanding balances of \$62,624 and \$50,766 respectively. They estimated its allowance for uncollectible accounts at \$0.

**Income Taxes**

The Company does not incur income taxes; instead, its earnings are included in the stockholders’ personal income tax returns and taxed depending on their personal tax situations. The financial statements, therefore, do not include a provision for income taxes. The Company, however, is subject to the Texas Franchise tax.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Financial Accounting Standards Board ("FASB") issued new guidance on accounting for uncertainty in income taxes. The Company adopted this new guidance for the year ended December 31, 2009. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S federal, state or local tax authorities for years before 2017.

**Use of Estimates**

Preparing the Company's financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment are stated at cost. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of income and retained earnings.

Depreciation on property and equipment is calculated on the straight-line method over the following estimated useful lives:

Equipment	5 years
Furniture and fixtures	7 years
Vehicles	5 years
Software	3 years

**Revenue Recognition**

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP, including industry-specific requirements, and provides companies with a single framework for recognizing revenue from contracts with customers. This update and subsequently issued amendments require companies to recognize revenue at amounts that reflect the consideration to which the companies expect to be entitled in exchange for those goods or services at the time of transfer. Topic 606 requires that contracts be assessed to determine each separate and distinct performance obligation. If a contract has multiple performance obligations, the Company will allocate the transaction price using their best estimate of the standalone selling price to each distinct good or service in the contract. Beginning in January 2019, initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term. The adoption of Topic 606 did not have a material effect on the timing or amount of revenue recognized as compared with the Company's previous revenue recognition practices.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 2 – Franchising**

In 2020 and 2019 the Company did not charge an initial franchise fee. The Company offers the franchisees ongoing support services including guidance and advice on operating the business, establishing procedures, and billing services. The franchisees pay a bi-monthly service fee of up to 25% of gross revenues.

In November 2019, the company started an incentive program for Franchisees to increase revenue. For each new customer acquired, the company would waive the initial first visits. The rate of the visit ranges from \$20 - \$30. The number of waived fees for 2020 and 2019 that were paid to the franchisee totaled \$118,170 and \$18,540.

Revenues received from all franchisees in 2020 and 2019 totaled \$13,011,193 and \$10,272,235, respectively. Payments to franchisees in 2020 and 2019 totaled \$10,668,498 and \$8,564,557, respectively.

**Note 3 - Property and Equipment**

Property and equipment and accumulated depreciation account balances are as follows:

	<b>2020</b>	<b>2019</b>
Furniture, fixtures, and equipment	\$ 234,106	\$ 204,587
Vehicles	260,504	242,400
	494,610	446,987
Total property and equipment	494,610	446,987
Less accumulated depreciation	(277,556)	(207,747)
	\$ 217,054	\$ 239,240

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$69,809 and \$66,096 respectively.

**Note 4 - Intangible Assets**

Amortization of intangible assets is calculated on the straight-line method over the following estimated useful lives:

Website	3 years
Client list	15 years
Loan Origination Fees	20 months

Intangible assets and accumulated amortization account balances are as follows:

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 4 - Intangible Assets (Continued)**

	2020	2019
Website	\$ 434,757	\$ 434,757
Loan Origination Fees	5,000	5,000
Client list	2,625	2,625
Total intangibles	442,382	442,382
Less accumulated amortization	(288,375)	(173,053)
	\$ 154,007	\$ 269,329

Amortization expense for the years ended December 31, 2020 and 2019 amounted to \$115,322 and \$73,188, respectively. The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

**Note 5 –Lines of Credit and Short-Term Loans**

The company has two \$100,000 revolving lines of credit. One line of credit carries an annual interest of 5% as of December 31, 2019, and one carries an annual interest rate of 26.24%. At the end of 2020 the balances totaled \$194,117.

The company utilized one short term loan in 2020 and 2019 with full payment due within 12 months of financing. The Company deferred two months of payments in 2020 due Covid-19. The loan was paid off in March of 2021. The interest rates on the short-term loans were 13.2%. The 2020 and 2019 balances totaled \$19,593 and \$97,964, respectively.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 6 - Long-Term Debt**

Long-term debt at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Note payable to bank in weekly installments of \$3,512.82 bearing interest at 47.77%, matures March 2020, collateralized by tangible and intangible property.	\$ -	\$ 36,750
Note payable to bank in monthly installments of \$2,807.61 bearing interest at 4.45%, matures August 2023, collateralized by vehicle.	\$ 86,477	\$ 115,514
Note payable to SBA bearing interest at 3.75%, monthly installments of \$731, including interest payments to begin June 2021, matures May 2050, secured by substantially all company assets.	\$ 150,000	-
Total long-term debt	\$ 236,477	\$ 152,264
Less current maturities	(30,497)	(65,930)
	\$ 205,980	\$ 86,334

**Note 7 - Concentrations**

The Company maintains its cash balances at a financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 on December 31, 2020. At various times during the year, the Company's cash in bank balances may exceed the federally insured limit. On December 31, 2020 the company had \$56,803 of uninsured bank balances.

**Note 8 – Paycheck Protection Program (PPP Loan)**

The Company was granted an \$43,245 loan under the Paycheck Protection Program administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Company has recorded a note payable for the year ended December 31, 2020. The loan was forgiven on April 21, 2021.

**Note 9 - Subsequent Events**

Subsequent events have been evaluated through May 13, 2021, the date which the financial statements were available to be issued. Management has elected to continue their policy of not charging an initial franchise fee for new franchises.

**Hound Mounds, Inc. dba Poop 911**  
**Exhibit A - General and Administrative Expenses**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Auto	\$ 7,438	\$ 18,752
Bank charges and merchant fees	361,630	297,299
Computer and internet expenses	240,320	164,602
Contract labor	143,874	17,215
Donations	9,154	4,717
Dues and subscriptions	4,522	3,349
Insurance	25,391	1,796
Legal and professional fees	41,898	33,077
Meals and entertainment	14,080	26,872
Office expense	97,304	50,688
Office supplies	10,671	3,816
Other operating expenses	14,030	17,353
Postage and delivery	1,977	3,022
Printing	1,244	1,555
Taxes	28,041	19,281
Telephone	21,645	11,189
Travel	19,742	48,245
Utilities	16,276	10,480
<b>Total General and Administrative Expenses</b>	<b><u><u>\$ 1,059,237</u></u></b>	<b><u><u>\$ 733,308</u></u></b>

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**

**Audited Financial Statements**

**December 31, 2019 and 2018**

**Preston & Dake, P.C.**

---

Certified Public Accountants  
& Consultants

**Hound Mounds, Inc. dba Poop 911**

**December 31, 2019 and 2018**

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Dallas, TX 75205

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hound Mounds, Inc. dba Poop 911  
Dallas, TX

We have audited the accompanying financial statements of Hound Mounds, Inc. dba Poop 911 (a Texas S-Corporation), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hound Mounds, Inc. dba Poop 911 as of December 31, 2019 and 2018, 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.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information found in Exhibit A is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Preston & Dake, P.C.*

Preston & Dake, P.C.  
Dallas, TX

April 24, 2020

**Hound Mounds, Inc. dba Poop 911**  
**Balance Sheets**  
**December 31, 2019 and 2018**

Assets	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash & equivalents	\$ 268,635	\$ 143,042
Accounts receivable	50,766	46,006
<b>Total Current Assets</b>	<u>319,401</u>	<u>189,048</u>
<b>Property and Equipment</b>		
Property & equipment	446,987	435,538
Accumulated depreciation	(207,747)	(141,651)
<b>Net Property and Equipment</b>	<u>239,240</u>	<u>293,887</u>
<b>Other Assets</b>		
Intangible assets, net of accumulated amortization of \$173,053 and \$99,865	<u>269,329</u>	<u>136,859</u>
<b>Total Other Assets</b>	<u>269,329</u>	<u>136,859</u>
<b>Total Assets</b>	<u><u>\$ 827,970</u></u>	<u><u>\$ 619,794</u></u>
<b>Liabilities &amp; Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 444,668	\$ 76,325
Credit card payable	97,165	37,823
Accrued expenses	-	75,390
Lines of credit	197,489	99,079
Notes payable, current maturities	<u>163,894</u>	<u>446,802</u>
<b>Total Current Liabilities</b>	903,216	735,419
<b>Long-Term Liabilities</b>		
Notes payable, net of current maturities	<u>86,334</u>	<u>124,826</u>
<b>Total Long-Term Liabilities</b>	<u>86,334</u>	<u>124,826</u>
<b>Total Liabilities</b>	989,550	860,245
<b>Stockholders' Equity</b>		
Common stock, par value \$1.00; 2,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Retained earnings (deficit)	<u>(162,580)</u>	<u>(241,450)</u>
<b>Total Stockholders' Equity</b>	<u>(161,580)</u>	<u>(240,450)</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$ 827,970</u></u>	<u><u>\$ 619,794</u></u>

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Statements of Income and Retained Earnings**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Gross Revenue</b>	\$ 10,272,235	\$ 7,725,811
<b>Outlet Returns</b>	(8,564,557)	(6,218,989)
<b>Net Revenue</b>	1,707,678	1,506,822
<b>Operating Expenses:</b>		
General and administrative	733,308	716,365
Salaries and wages - officer	145,500	120,500
Salaries and wages	107,900	-
Selling	89,646	78,396
Depreciation and amortization	139,284	64,522
<b>Total Operating Expenses</b>	1,215,638	979,783
<b>Operating Income</b>	492,040	527,039
<b>Other Income (Expense):</b>		
Interest expense	(147,659)	(95,402)
<b>Total Other Income (Expense)</b>	(147,659)	(95,402)
<b>Net Income</b>	\$ 344,381	\$ 431,637
<b>Beginning Retained Earnings (Deficit)</b>	(241,450)	(91,791)
<b>Distributions</b>	(265,511)	(581,297)
<b>Ending Retained Earnings (Deficit)</b>	\$ (162,580)	\$ (241,450)

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 344,381	\$ 431,637
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	139,284	64,522
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(4,760)	82,832
Increase (Decrease) in accounts payable	368,343	76,325
Increase (Decrease) in accrued expenses	(75,390)	(132,882)
Increase (Decrease) in credit cards payable	59,342	(39,229)
<b>Total adjustments to reconcile net income to net cash provided (used) by operating activities</b>	<b>486,819</b>	<b>51,568</b>
<b>Cash flows from investing activities:</b>		
Cash paid for fixed assets	(11,449)	(45,113)
Cash paid for website and other intangibles	(205,658)	(87,177)
<b>Net cash used by investing activities</b>	<b>(217,107)</b>	<b>(132,290)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from lines of credit	1,752,800	1,910,200
Payments on line of credit	(1,632,444)	(2,035,600)
Proceeds from notes payable	100,000	473,148
Payments on notes payable	(443,345)	(95,516)
Distributions	(265,511)	(581,297)
<b>Net cash used by financing activities</b>	<b>(488,500)</b>	<b>(329,065)</b>
<b>Net increase (decrease) in cash</b>	<b>125,593</b>	<b>21,850</b>
<b>Cash at the beginning of the year</b>	<b>143,042</b>	<b>121,192</b>
<b>Cash at the end of the year</b>	<b>\$ 268,635</b>	<b>\$ 143,042</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for:		
Interest	<b>\$ 147,659</b>	<b>\$ 39,407</b>

See accompanying Independent Auditors' report and notes to financial statements.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of Hound Mounds, Inc. dba Poop 911 (“the Company”) is presented to assist in understanding the accompanying financial statement. The financial statement and the accompanying notes are representations of management, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

**Nature of Operations**

Hound Mounds, Inc. dba Poop 911 was incorporated in the state of Texas on November 15, 2005 for the purpose of offering franchises, thus permitting others to develop and operate pet waste removal service franchises within an authorized territory using the trademarked name Poop 911.

**Method of Accounting**

The Company uses the accrual method of accounting for reporting income and expenses. Under this method, income is recorded as it is earned and expenses are recorded as incurred, resulting in proper matching of income and expenses to determine net income for a specific period of time.

**Cash and Cash Equivalents**

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents.

**Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances less an allowance for uncollectible accounts. The allowance is based on experience, terms of agreements, and other circumstances affecting the ability of customers to meet their obligations.

The Company provides for probable uncollectible amounts through a provision to bad debt expense and a corresponding amount being added to the valuation allowance based on management’s assessment of the current status of individual accounts. Unpaid amounts that remain after management has pursued reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to accounts receivable. Interest is not charged on open accounts. At December 31, 2019 and 2018, management assessed the status of individual accounts and its collection history with customers having outstanding balances of \$50,766 and \$46,006 respectively. They estimated its allowance for uncollectible accounts at \$0.

**Income Taxes**

The Company does not incur income taxes; instead, its earnings are included in the stockholders’ personal income tax returns and taxed depending on their personal tax situations. The financial statements, therefore, do not include a provision for income taxes. The Company, however, is subject to the Texas Franchise tax.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Financial Accounting Standards Board ("FASB") issued new guidance on accounting for uncertainty in income taxes. The Company adopted this new guidance for the year ended December 31, 2009. Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the U.S federal, state or local tax authorities for years before 2016.

**Use of Estimates**

Preparing the Company's financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment are stated at cost. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of income and retained earnings.

Depreciation on property and equipment is calculated on the straight-line method over the following estimated useful lives:

Equipment	5 years
Furniture and fixtures	7 years
Vehicles	5 years
Software	3 years

**Revenue Recognition**

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under GAAP, including industry-specific requirements, and provides companies with a single framework for recognizing revenue from contracts with customers. This update and subsequently issued amendments require companies to recognize revenue at amounts that reflect the consideration to which the companies expect to be entitled in exchange for those goods or services at the time of transfer. Topic 606 requires that contracts be assessed to determine each separate and distinct performance obligation. If a contract has multiple performance obligations, the Company will allocate the transaction price using their best estimate of the standalone selling price to each distinct good or service in the contract. Beginning in January 2019, initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term. The adoption of Topic 606 did not have a material effect on the timing or amount of revenue recognized as compared with the Company's previous revenue recognition practices.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 2 – Franchising**

In 2019 and 2018 the Company did not charge an initial franchise fee. The Company offers the franchisees ongoing support services including guidance and advice on operating the business, establishing procedures, and billing services. The franchisees pay a bi-monthly service fee of up to 23% of gross revenues.

In November 2019, the company started an incentive program for Franchisees to increase revenue. For each new customer acquired, the company would waive the initial first visits. The rate of the visit ranges from \$20 - \$30. The number of waived fees that was paid to the franchisee totaled \$18,540. The program is to end in June 2020.

Revenues received from all franchisees in 2019 and 2018 totaled \$10,272,235 and \$7,725,811, respectively. Payments to franchisees in 2019 and 2018 totaled \$8,564,557 and \$6,218,989, respectively.

**Note 3 - Property and Equipment**

Property and equipment and accumulated depreciation account balances are as follows:

	<b>2019</b>	<b>2018</b>
Furniture, fixtures, and equipment	\$ 204,587	\$ 193,138
Vehicles	242,400	242,400
	446,987	435,538
Total property and equipment	446,987	435,538
Less accumulated depreciation	(207,747)	(141,651)
	\$ 239,240	\$ 293,887

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$66,096 and \$58,423 respectively.

**Note 4 - Intangible Assets**

Amortization of intangible assets is calculated on the straight-line method over the following estimated useful lives:

Website	3 years
Client list	15 years
Loan Origination Fees	20 months

Intangible assets and accumulated amortization account balances are as follows:

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 4 - Intangible Assets (Continued)**

	<u>2019</u>	<u>2018</u>
Website	\$ 434,757	\$ 229,099
Loan Origination Fees	5,000	5,000
Client list	<u>2,625</u>	<u>2,625</u>
Total intangibles	442,382	236,724
Less accumulated amortization	<u>(173,053)</u>	<u>(99,865)</u>
	<u>\$ 269,329</u>	<u>\$ 136,859</u>

Amortization expense for the years ended December 31, 2019 and 2018 amounted to \$73,188 and \$6,110, respectively. The Company's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

**Note 5 –Lines of Credit and Short-Term Loans**

The company has two \$100,000 revolving lines of credit. One line of credit carries an annual interest of 5% as of December 31, 2019, and one carries an annual interest rate of 26.24%. At the end of 2019 the balances totaled \$197,489.

The company utilized one short term loan in 2019 with full payment due within 12 months of financing. The interest rate on the short-term loans were 13.2%. At the end of 2019 the balances totaled \$97,964.

**Note 6 - Long-Term Debt**

Long-term debt at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Note payable to bank in weekly installments of \$3,512.82 bearing interest at 47.77%, matures March 2020, collateralized by tangible and intangible property	\$ 36,750	\$ 173,056
Note payable to bank in monthly installments of \$2,807.61 bearing interest at 4.45%, matures August 2023, collateralized by vehicle.	\$ 115,514	\$ 143,479
Note payable to bank in monthly installments of \$1,305.98, bearing interest at 4.9%, matures January 2019, collateralized by vehicle.	<u>\$ -</u>	<u>\$ 1,124</u>
Total long-term debt	\$ 152,264	\$ 317,659
Less current maturities	<u>(65,930)</u>	<u>(192,833)</u>
	<u>\$ 86,334</u>	<u>\$ 124,826</u>

See accompanying Independent Auditors' report.

**Hound Mounds, Inc. dba Poop 911**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

**Note 7 - Concentrations**

The Company maintains its cash balances at a financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 on December 31, 2019. At various times during the year, the Company's cash in bank balances may exceed the federally insured limit. On December 31, 2019 the company had \$18,635 of uninsured bank balances.

**Note 8 - Subsequent Events**

Subsequent events have been evaluated through April 24, 2020, the date which the financial statements were available to be issued. Management has elected to continue their policy of not charging an initial franchise fee for new franchises but as of 2019 the bi-monthly service fee for any renewals, buyout, or new franchisees has increased up to 23%.

**Hound Mounds, Inc. dba Poop 911**  
**Exhibit A - General and Administrative Expenses**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Auto	\$ 18,752	\$ 9,281
Bank charges and merchant fees	297,299	261,963
Computer and internet expenses	164,602	147,103
Contract labor	17,215	7,605
Donations	4,717	6,525
Dues and subscriptions	3,349	506
Insurance	1,796	1,242
Legal and professional fees	33,077	28,887
Meals and entertainment	26,872	21,185
Office expense	50,688	135,789
Office supplies	3,816	3,415
Other operating expenses	17,353	12,404
Postage and delivery	3,022	398
Printing	1,555	5,438
Taxes	19,281	9,306
Telephone	11,189	6,248
Travel	48,245	46,461
Utilities	10,480	12,609
<b>Total General and Administrative Expenses</b>	<b><u><u>\$ 733,308</u></u></b>	<b><u><u>\$ 716,365</u></u></b>

See accompanying Independent Auditors' report and notes to financial statements.

**EXHIBIT C**

Poop 911™

**FRANCHISE AGREEMENT**

**Summary of Franchise Data**

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

If business entity circle: Corporation, LLC, LP, Partnership

Controlling Person: \_\_\_\_\_

Address for Notice: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Home Address: \_\_\_\_\_

(if different) \_\_\_\_\_

\_\_\_\_\_

Description of  
Exclusive  
Territory: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Effective Date of FA: \_\_\_\_\_

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

Training Completion Date: \_\_\_\_\_

FDD Receipt Date: \_\_\_\_\_

Final Agreements  
Receipt Date: \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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EXHIBIT C      ACKNOWLEDGMENT & REPRESENTATION REGARDING CONTROLLING PERSONS

EXHIBIT D      RESTRICTIVE COVENANT AGREEMENT

Addendum to FDD and Franchise Agreement: State Regulations and Requirements (if applicable)

Poop 911  
**FRANCHISE AGREEMENT**

**1. PARTIES AND DEFINITIONS**

**1.1 Parties:** THIS AGREEMENT is entered into between Hounds Mounds, Inc., a Texas corporation, referred to as "Poop 911", "We" or "Us" and \_\_\_\_\_, the applicant, referred to as "You", "Your", or "Franchisee."

**1.2 Definitions:**

"Franchisee" is identified at Paragraph 1.1 of this Agreement and for some purposes clearly identified herein may include a group of related persons or businesses as defined at Section 16 of this Agreement; and their heirs, successors and assigns.

"Franchise Business" refers to the Poop 911 Business defined at Paragraphs 2.1 and 2.2 and all operations undertaken thereby. "Franchise Business" may be used interchangeably with "Franchise Operation," both of which will have the same meaning.

"Gross Revenues" is defined as the total gross revenues and receipts paid to the Poop 911 Business, whether in money or other form of consideration, and whether received by You or by Us on Your behalf, from the sale of pet waste removal services and any related pet products and services that may be developed for the Franchise Business, excluding only sales or other equivalent taxes.

"Pet Waste Removal Service Business" means the sale and providing of pet waste removal services and the sale of pet related goods and services in person or through online or central calling center orders. All such sales efforts are limited to those targeted at Your Business's Exclusive Territory, and marketing by means of the Internet, toll-free numbers or otherwise directed outside Your Exclusive Territory is not licensed under this Agreement.

"We" is identified at Paragraph 1.1 of this Agreement and includes Our heirs, successors and assigns.

Other terms are defined or expanded from time to time throughout the Agreement below.

**2. GRANT OF FRANCHISE**

**2.1 Franchise System:** Through the expenditure of considerable money, time and effort, We have created and developed, and are continuing to improve, an efficient and distinctive system of pet waste removal services and related pet products which are of a distinctive, uniform, and high

quality, presented and performed in accordance with Our confidential specifications and methods, by uniformly trained franchisees in distinctively logoed and equipped vehicles operating under the trade name Poop 911. We use the name Poop 911 and other associated trademarks, service marks, designs and symbols which are registered on, or are the subjects of applications pending for, the principal register of the United States Patent and Trademark Office and used in the promotional materials and signs as a symbol and name, collectively referred to as the "Franchise Name" (or alternately, as "Proprietary Marks"), identifying the goodwill which We have developed in connection with the operation of Poop 911 Business by Us and You. This constitutes the "Franchise System," with which You are familiar.

**2.2 Grant and Acceptance.** In consideration of Your application for a franchise, and the payment of the continuing royalty for services rendered, We grant to You, and You accept, a license and the obligation to conduct one Poop 911 Business only as a pet waste removal service business as described in Paragraph 2.1 above under the Franchise Name and using the Proprietary Marks as described in Paragraph 6.3 (and subparts) herein, upon the terms and conditions set out in this Agreement.

**2.3 Our Reservation of Rights; Alternative Forms of Distribution:** Except as We have specifically granted to You in Paragraphs 2.1 and 4.4, We reserve all rights regarding the Poop 911 Business, Our Proprietary Marks and the offer and sale of Poop 911 services and any related products anywhere. This means that We have the exclusive right to use any channel of distribution now existing or in the future developed, including, as examples, the Internet and mail order. We and Our affiliates intend and reserve the right to develop lines of pet waste removal and pet services and products, some of which may be marketed for use not only in the Poop 911 Business, but also through other distribution channels, such as by means of the Internet. We may also operate or grant others the right to operate a Poop 911 Business anywhere in proximity to Your Franchise Business, so long as it is outside the boundaries of Your Exclusive Territory.

### **3. FEES; INVOICE PROCESSING**

**3.1 No Franchise Fee:** We do not charge an initial franchise fee, because We believe the obligations and commitments we make to each other in this Agreement represent a positive, good faith foundation for our relationship.

**3.2 Royalty:** Beginning upon the completion of Your training, as specified in Section 5.2 and sub-parts, You agree to pay Us a bi-monthly "royalty" equal to 25% of "Gross Revenues", except as may be modified by Paragraph 3.3 below. Gross Revenues are defined in Section 1.1.

**3.3 BARCS - Customer Billing, Processing and Scheduling:** Unless We direct otherwise in writing, You must submit in all customer invoices and credit card information for the Business to Us for billing, processing and scheduling under Our proprietary **Billing Administrative Routing Customer Scheduling** system ("BARCS"). We have established the BARCS system to help franchisees operate their business with as much efficiency as possible by minimizing the

bookkeeping and accounting burden, as well as to simplify the overall administrative functions. Under the Customer Billing and Processing System, We are responsible for billing and processing payments received from Your customers.

**3.3.1 Customer Scheduling and Billing Procedure.** When You have completed Your services orders for each day, You will post the services as completed, rescheduled, no charge or or other appropriate notation in the BARCS system according to Our then current procedures. You acknowledge that timely posting is critical to ensure customer scheduling is accurately maintained and customer invoices accurately billed. You agree to direct Your customers to pay Us for all services and products You sell to them by authorizing automatic charges to their credit card. We will send invoices to Your customers and process payments charged to their credit card on file. Simultaneously with signing this Agreement, We and You will sign an agreement for the sale of receivables which is attached to and made a part of this Agreement as Exhibit A (the "Receivables Agreement") under which You agree to sell to Us and grant Us a security interest in all of the accounts receivable of the Business so that We may collect payments from Your customers.

**3.3.2 Adjustments to Gross Revenues; Net Proceeds to You.** Twice a month, on the 6<sup>th</sup> and 21<sup>st</sup> day of each month We will remit to You the Net Proceeds out of the monies We have collected on Your behalf for the preceding period. For purposes of this Agreement, the term "Net Proceeds" shall mean the gross amount that We have collected from Your customers since Our most recent remittance to You, less a) the Royalty b) all credit card and merchant processing fees and costs, c) chargebacks, d) amounts We spend to adjust customer complaints against Your business on Your behalf, as described in the Receivables Agreement; and e) any other amounts You owe Us including those described in the Paragraph 3.3 below .

**3.3.3 Fees; Net Proceeds.** For purposes of this Agreement, the term "Net Proceeds" means the Gross Revenue collected from Your clients, less the amounts described in Paragraph 3.3.2 above which also include the following summary of adjustments:

- (a) Royalty of Twenty-Five Percent (25%) of Gross Revenue;
- (b) National Marketing Co-operative Fee of up to one percent (1% ) of Gross Revenue as We may require and as set out in Paragraph 6.5 below;
- (c) Any credit card chargebacks, bad debt or unpaid client invoices and related fees associated with receipts not collected from client;
- (d) Any other amounts You owe Us or any affiliates;
- (e) Payments to contractors, vendors, or other franchises You may have used to provide services to Your clients; and
- (f) Sales, Use or other tax, if applicable.

**3.3.4 Withholding Customer Billing and Processing.** You agree that We may refuse to process any order through the BARCS system, if We believe in Our sole discretion that the customer does not satisfy Our minimum standards of credit worthiness and in addition to any other remedy We may have under this Agreement.

**3.3.5 Fixed Fee Increases.** You acknowledge that over time Our costs and expenses will increase, and consequently we reserve the right to periodically increase the fixed fees enumerated in paragraph 3.3, so long as it is no more often than every two years and on sixty (60) days prior written notice. We may not increase the royalty, which will remain the same until and unless the franchise is renewed under a different form of franchise agreement.

**3.4 Payments Based on Gross Revenue That You Collect.** If You receive any Gross Revenue directly, rather than as Net Proceeds We remit to You, then You must send that Gross Revenue directly to Us within twenty-four (24) hours of receiving it. If the customer has been denied processing through the BARCS system or insists on paying for service by other means, then You must pay Us all Royalty, applicable National Marketing Co-op contributions and other amounts payable to Us out of that Gross Revenue by first day of the calendar month following Your receipt.

**3.5 Reporting:** Both parties agree that regular reporting of sales activity, profit and loss and financial statements and other aspects of Business operations is important for validation of Your obligation for royalty payable to Us, to permit Us to track the relative performance of Our franchises, and to confirm Your compliance with the Franchise Agreement and Operating Manual. You will report to Us both through the BARCS system and also provide any additional information and in the form and content as We may specify from time to time.

**3.5.1 Bookkeeping:** At all times, You will maintain accurate accounts and records as We may require in accordance with generally acceptable accounting principles and using accounting software We have approved. If You use a bookkeeping service to perform these functions for You, the service must prepare and maintain Your records in the form and manner and using the software that We specify.

**3.5.2 Computer:** You will comply with any integrated computer bookkeeping, accounting and reporting systems We may implement. The cost of expert advice and installation, as well as cost of all associated hardware and software packages, are Your responsibility.

**3.5.3 Audits:** We are entitled to examine, copy and audit all records pertaining to the operation of the Franchise Business at any time. For this purpose, all Your records and tax returns (including state and local sales tax reports and federal, state and local income tax returns) will be made available to Us upon request. If You do not pay all sums due to Us and submit reports when required, then You will be in breach of this Agreement. We will have all rights and remedies available to Us by law and pursuant to this Agreement for breach by You. If an audit discloses any deficiency, You will immediately pay the amount due. If an audit discloses that You have paid less than One Hundred Percent (100%) of the Royalty Payments and Advertising Contributions due in any given period, You will also pay the reasonable cost of the audit.

### **3.6 Payments:**

**3.6.1 Credit Card:** At all times, You must maintain on file with Us a credit card with an acceptable credit limit against which we may charge You for any purchases, unpaid fees and other amounts owed to Us or any affiliate.

**3.6.2 Interest on Late Payments:** Unpaid sums due and owing to Us will bear interest on the unpaid balance at the lower of One and One-half Percent (1 1/2%) per month or the highest rate allowed by law from the date such sums became due. We may, at Our discretion, apply payments received from You to any sum due and owing to Us.

**3.6.3 Late Fee:** If any Royalty or other monies due from You to Us are not received on or before the specified due date, We may arrange for a Late Notice to be sent to You. Whether or not You receive a Late Notice is not a condition of Your obligation to pay any late fee and/or interest. The Late Fee is required to defray the administrative costs of accounting and correspondence relating to late payments, and will be in the amount of One Hundred Fifty Dollars (\$150.00) per late notice issued, and this fee is conclusively deemed to be an administrative charge, and will not be considered interest for the purpose of calculating monies due under Section 3.2, or for the purposes of calculating interest rates allowable by statute or common law. The late fee will be due and payable to Us or Our agents, as We may from time to time designate. This paragraph is not Our agreement to accept any payments after they are due or Our commitment to extend credit or otherwise finance Your operation of the Business.

When We receive a payment from You or from one of Your customers, We will have the right and sole discretion to apply it to any of Your past due indebtedness to Us or Our Affiliates regardless of any designation that You may request.

## **4. TERRITORY**

**4.1 Exclusive Territory:** You will acquire and equip one truck, SUV or other acceptable motor vehicle (the “vehicle”) according to the standards and specifications that We will provide, at Your own expense. You will conduct Your Franchise Business solely within the Exclusive Territory and from the Premises described in Section 4.3 below and in Exhibit B, which is attached to and made a part of this Agreement.

**4.2 Options for Business Premises:** You are solely responsible to obtain an acceptable office space (“Premises”) for the proposed Franchise Business. You will have thirty (30) days from signing this Agreement to find and submit at least one proposed office space that is either:

- a) a dedicated, fully equipped home office in conjunction with a commercial business address and providing mail and other delivery acceptance services as well as contact information for public dissemination; or

- b) located within an office or suite in a location and building acceptable to Us.

For all office options, You must have access at all times to a high speed wired broadband or better Internet connection meeting Our current minimum specifications and access to an office or conference room for reasonable, necessary business purposes. We will give You general guidance and Our current criteria for selection of the Premises, but final selection of the Premises is solely up to You, so long as it meets our minimum criteria. We reserve the right to disapprove a Premises in our reasonable business judgment. You will sign and return to Us the Site Addendum to this Agreement for the Franchise Business, identifying the authorized Franchise Business location by street and suite address ("the Site Addendum") and include a photocopy of the signed lease, including all exhibits, attachments and addenda and two original signed copies of the Site Addendum. We will promptly sign and return one copy to You to be attached to the Franchise Agreement.

**4.3 Relocation:** You may relocate the Franchise Business only with Our prior written consent which We may give or refuse in Our sole discretion. If approved, any relocation may only be within Your Territory. You agree to pay all costs of relocating the Franchise Business regardless of the reason for relocating. You are responsible for, and are obligated to schedule relocation activities to insure that You begin developing customers as quickly as possible in the new location.

**4.4 Franchisee's Exclusive Territory:** You are granted the exclusive Territory described by Exhibit B (the "Territory"). The grant of an exclusive Territory precludes the location of other Franchise Operations or Our own Business in that area, which operate under or sell, offer, or distribute services or goods identified by any "Proprietary Mark" defined in Section 6.3.1; and prohibit the establishment within the exclusive area by Us or Our franchisees of other franchise or company owned Business selling the same or similar services under a different trade name, trademark service mark, advertising or other commercial symbol.

**4.5 Conditions for Exclusivity:** However exclusivity is defined, the exclusivity of the Territory is conditioned upon strict compliance with this Agreement. In addition, if the demographics substantially increase within the Territory, and We, in Our reasonable business judgment, determine that another Franchise Business is needed to service the general market area adequately, including a portion of the Territory, then We may reduce the size of the Territory, so long as it contains at least a minimum population of 250,000. Additionally, if You twice decline to service accounts within a single zip code, then we may remove that zip code from Your exclusive Territory and allow other franchisees the opportunity to service the zip code and acquire the exclusive rights to it. We may require that You increase the number of vehicles used to service Your Territory under Paragraph 6.1.2 of this Agreement.

## **5. OBLIGATIONS OF FRANCHISOR**

**5.1 Pre-Operation Assistance:** In addition to the training described in Section 5.2, We will provide You with advice and assistance in initial marketing, selling techniques, implementation and sample advertising, as You may request and We deem appropriate.

**5.1.1 Computer Systems:** You recognize that, in order to stay competitive and do business efficiently in today's commercial environment, the use of current technology is essential. As time allows, We intend to evaluate and adopt a computer based system of accounting and record-keeping ("the Computer System.") When the Computer System is approved, You may be required to acquire a personal computer and peripherals such items as a high speed modem, automatic backup, and a dedicated telephone line for transmission of records to Our corporate offices using software We will designate or alternatively to convert to a centralized accounting and recordkeeping system in addition to or as an enhancement of Our BARCS system. We will furnish specifications and Approved Vendors for purchase and installation by You. Use of these items when approved and incorporated into the Poop 911 system is deemed to be of the essence in insuring consistent operation of Poop 911 Businesses. As such, You agree to obtain such items from Approved Vendors, as further described at Paragraph 5.4 (and sub-parts) below within 60 days of Our giving You written notice to do so. We will offer assistance and training in the efficient use of the software packages in the operation of the Franchise Business.

**5.1.2 Tools and Business Supplies:** We provide Your initial inventory of supplies and service tools which include:

- 5 T-Shirts with logo
- 2 Hats with logo
- Thank you for Your business door hangers
- Initial supply of brochures

Lost or damaged tools will be replaced, but We may charge You a reasonable fee for the cost of replacement.

**5.2 Initial Training and Duration:** Before You start operation of the Franchise Business, and as We may from time to time reasonably require for refresher or updated training, We will train You. You must have the vehicle You will use in the operation of Your Franchise Business wrapped according to the specifications We provide You, before We will schedule You for training. Training includes proprietary and trade secret pet waste removal techniques, marketing and sales, daily operations, general business organization, use of service tools. We will provide approximately 2 days training at Our corporate offices in Dallas, Texas, or virtually, or another city we may designate. The actual duration and location of each training program will be determined at Our sole discretion. You must attend and satisfactorily complete the training courses as We may reasonably require.

**5.2.1 Training of One Individual:** The franchise rights granted pursuant to this Agreement include the training of only one person, who is the individual signing this Agreement as franchisee, whether on behalf of a corporation, limited liability company or other legal entity.

**5.2.2 Location:** Training will be conducted virtually online by means of webinars and any other technology mechanisms we deem appropriate. Additionally we will provide one day of in

field training to be conducted at an operating franchise location, which We will try to schedule at a qualified franchise location nearest to Your Protected Area.

**5.2.3 Costs:** You will receive initial training free of charge, but You are solely responsible for Your travel, board, any compensation or wages and other expenses You may incur. If You request repeated training, You may be required to pay a reasonable training fee, as We will establish from time to time.

**5.2.4 Compensation:** You will not receive compensation from Us, Our Poop 911 Business or any on the job training provided by another franchisee, for services You provide as a trainee.

**5.2.5 Refresher Training:** We have the right, at Our sole discretion, to require You to complete additional or refresher training to Our satisfaction in order to maintain the quality of service We require under this Agreement. You may also request additional training. Once You begin operating Your Poop 911 Business, refresher courses are subject to availability of training staff and limited space in scheduled courses. We reserve the right to charge a reasonable fee for additional training.

### **5.3 Operational Assistance:**

**5.3.1 Operating Manual:** When You attend training, We will loan You one (1) copy of Our Operating Manual, which may be in more than one part (“the Manual”). The Manual may include operating procedures and standards, rules and regulations for the franchise system, and other sensitive and confidential information. We may from time to time add, delete or amend the Operating Manual by inserts or bulletins and one or more other Manuals and may be provided in any medium or by any method, including in electronic form or by access to viewing on a closed Google Docs or comparable web share platform or a proprietary intranet website. All such additions, deletions or amendments will be deemed fully binding as a part of the Manual. These amendments will be made from time to time at Our discretion to meet competition, protect Proprietary Marks or trade secrets, or improve the quality of services or as We otherwise deem appropriate. “Operating Manual” means and collectively includes all manuals, policy statements, directive, bulletins and memoranda which contain prescribed or recommended specifications, standard, procedures, policies and advice relating to the operation and management of Poop 911 Business and to marketing Poop 911 services or that otherwise contain confidential business information.

**5.3.2 Business Opening:** During Our normal business hours and upon reasonable request, We will provide You with phone and web training sessions support for Your first 90 days of operation to assist You in the marketing and establishment of initial customer accounts as well as any servicing and customer relations concerns for Your Poop 911 Business.

**5.3.3 Operations:** We will provide advice and guidance to You as We reasonably determine necessary and appropriate with reference to operations, including service methods, interpretation and implementation of the policies and procedures in the Operating Manual;

marketing, purchasing of supplies and equipment; computer operations; bookkeeping; efficiency of operations; and general operation, business, and management procedures.

**5.4 Supplies and Vendors:** We both recognize that the success of the franchise requires consistency and quality in service and supplies.

**5.4.1 Approved Vendors:** In the interest of quality control, We may from time to time enter into an agreement with a specific vendor or vendors to provide supplies or equipment meeting Our standards. We will from time to time provide You a list of Approved Vendors for designated items. You agree to purchase the designated items from the Vendors only, unless substitute vendors are first approved by Us. We may approve Substitute Vendors in our sole discretion.

**5.4.2 Published Standards:** We have developed, and may from time to time at Our discretion develop, design specifications, quality control standards and proprietary products ("Published Standards") for the supplies or equipment used in the Franchise Operation. Notwithstanding the selection of Approved or Substitute Vendors, You will offer only services and products that meet the Published Standards. We reserve the right to make additions, deletions and corrections to the Published Standards at Our sole discretion. We will also from time to time provide You with new product information, techniques and operations information We develop and deem appropriate for the Poop 911 franchise system.

**5.6 Web Site and Internet Presence Management:** We have established and will maintain a website that provides information about the System, Our services, products and the locations and contact information for licensed Poop 911 Businesses. We own and will be responsible for, either directly or through a third party, and have sole discretion and control over such website. We will also maintain listings on referral websites as We deem appropriate. You may not maintain an individual website related to the Franchised Business, or to establish a URL incorporating any variation of the "Poop 911" name or Marks, without Our prior written approval. You will not violate Our privacy policies as posted on the website. You must also participate in any System-wide computer network, intranet system, or extranet We may implement as described in Section 6 of this Agreement.

## **6. FRANCHISE SYSTEM STANDARDS**

**6.1 Compliance with Standards:** You acknowledge that the standards for the Franchise System and the requirements of this Agreement and the Operating Manual are necessary, reasonable, and desirable in order to preserve and enhance the identity, reputation, and goodwill built by the Franchise System and the value of the Franchise Name. You agree to comply with the uniform standards for quality, appearance, cleanliness, service, operations, marketing, and promotion We establish from time to time. Upon any notice from Us, You will immediately take all steps necessary to correct any deviation from the standards for the Franchise System.

**6.1.1 Laws and Licenses:** You must comply with all applicable federal, state and local laws and regulations. You will obtain and at all times maintain any and all permits, certificates or licenses necessary for the full and proper operation of the Poop 911 Business. You specifically agree to comply with applicable health and safety laws, ordinances, and regulations so as to be rated in the highest available health and safety classification by the appropriate governmental authorities and to furnish Us immediately with copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency which reflect Your failure to meet and maintain the highest applicable ratings, or Your non-compliance or less than full compliance with any applicable law, rule or regulation.

**6.1.2 Poop 911 Vehicle:** You must maintain the appearance, mechanics, sign, equipment, and overall condition of the approved Poop 911 vehicle, both outside and inside in excellent repair and a clean condition and comply with the standards specified in the Operating Manual. You must also obtain and maintain the number of vehicles We determine is adequate to service Your customers to Our current standards. Once You are in operation, We will give You 30 days written notice of any change We make to the number of vehicles required. If You do not comply, then We may reduce Your territory upon 30 days written notice.

**6.1.3 Operating Manual:** You agree to operate the Franchise Business in strict compliance with the Operating Manual, as it may be changed from time to time.

**6.1.4 Hours and Staff:** You will comply with the minimum hours of availability for service and all other operational requirements that We specify in the Operation Manual.

**6.1.5 Services and Products:** You will offer only such services and products as are from time to time approved by Us and which must be provided in accordance with the standards and specifications established pursuant to this Agreement and the Operating Manual. You must offer all approved services, unless otherwise waived in writing by Us at Our sole discretion. You specifically acknowledge that We may revoke Our approval of any product or service at any time in light of reasonable business judgment and the reputation and good will of the Poop 911 system.

**6.1.6 Variances from Standards:** We may approve exceptions or changes from the uniform standards of operations which We, at Our sole discretion, believe necessary or desirable under particular circumstances. You understand that You have no right to object to or obtain such variances, and that any exception or change from the uniform standards for Your activities must be approved in advance by Us in writing.

**6.1.7 Quality Control:** We have the right to take reasonable steps to monitor the quality of the services and products offered by Your Poop 911 Business. These steps may include but are not limited to displaying the telephone number of a "customer hotline" for direct contact with Us conspicuously on Your invoices.

**6.1.8 Professional Conduct:** In Your dealings with Us, Your clients, Your employees, Your suppliers and others, You must adhere to the highest possible standards of professional conduct,

honesty and integrity, ethical behavior, dependability, good faith and fair dealing. You may not engage in any conduct that We reasonably determine may injure the goodwill associated with our Trade Name and Proprietary Marks.

**6.1.9 Internet and Developing Technology:** In light of the increasing use of the Internet for a variety of functions and the rapidly changing and somewhat unforeseeable nature of technology and social media platforms, We reserve the right to limit or restrict any or all use of the Internet, including but not limited to social media or other Internet-based communications, marketing or social networking or other technology with respect to Your Franchise Business that We may decide is desirable in Our reasonable business judgment

**6.1.10 Customer Relations:** You acknowledge and agree that customer satisfaction and positive relationships are essential to the goodwill and success of the System and that of Your franchise business and of all Poop 911 franchisees. Negative customer feedback can have consequences beyond just Your Business. You understand We require You to strictly comply with all standards of operation and customer relations that We may establish and provide to You from time to time by means of the Manual or written communication.

(a) *Customer Reviews.* You must maintain positive customer comments, reviews and any applicable ratings on all social media and any other platforms, such as Google, Yelp and media that publish customer comments and reviews, whether through the internet or any other system or media for publishing and disseminating such customer feedback to the general public or any other group. Negative comments and reviews must be promptly addressed in compliance with Our current published standards.

(b) *Complaints and Disputes.* If You are unable to satisfy a customer's complaint regarding Your Poop 911 business, You agree that We may, but are not obligated to, resolve the problem with the customer as We deem appropriate, serving as the arbiter of the dispute between the two of You. The resolution may include a full or partial refund, or cancellation of the account at customer's request. If We incur costs to resolve the customer problem, You agree to reimburse Us when We invoice You.

**6.2 Insurance:** While this Agreement is in effect, You will obtain, pay for, and keep in force all insurance required by law, as well as general liability insurance for not less than One Million Dollars (\$1,000,000.00), together with property damage liability and casualty insurance, and business risk insurance, all in such policy limits and from such reputable insurers as are reasonably acceptable to Us. All insurance policies will be issued by companies having not less than Best's Triple A rating and will name Us as an additional insured, for the mutual and joint protection and benefit of both You and Us. All policies will contain a provision that We, although named as an insured, will nevertheless be entitled to recovery under the policies for any loss, injury, or damage to Us, Our servants, agents, and employees by reason of Your negligence. You will promptly deliver to Us policies evidencing the insurance or certificates of coverage which will designate the name and address of the issuer, the policy number, amount, and provisions thereof, copies of annual renewal certificates of continued insurance. All policies will contain a provision that the policy will

not be canceled, terminated, or materially and adversely modified without thirty (30) days prior notice from the insurance company to Us.

### **6.3 Proprietary Marks; Confidential and Trade Secret Information**

**6.3.1 Service Mark and Trade Name License:** We grant You a non-exclusive license to use Our service marks, trade names and other designations (hereafter "Proprietary Marks") in the operation of a "Poop 911" service Business. You will not use or attempt to use Our Proprietary Marks on services and products emanating from anyone other than Us and You have no right to license or sub-license any of Our Proprietary Marks. You will use Our Proprietary Marks exclusively in accordance with Our policies and standards. Any breach of Section 6.3 of this Agreement or any of its subparts is a material breach, subject to the termination provisions of Section 10.

**6.3.2 Quality Control:** The trademark laws require Our close control of the use of Our Proprietary Marks. Thus, You may use Our Proprietary Marks only in conformity with the standards and requirements that We have established or may establish from time to time and which are set forth in part of the Poop 911 Operating Manual. We may require submission of all advertising and promotional copy and materials and all printed matter, including but not limited to stationery and business cards, for Our written approval before You may use such materials. You may only purchase items carrying Our Proprietary Marks from Approved Vendors. We or an affiliate may be the sole Approved Vendor of items with Our Proprietary marks, including but not limited to T-Shirts, hats, and promotional items. You may only use materials We have first approved in writing in advertising in any form, media, or type of publicity or public appearance.

**6.3.3 Infringement; Legal Action:** You will immediately provide Us with all available information concerning any infringement or challenge to the validity or ownership of Our Proprietary Marks or any acts of unfair competition by third parties which interfere with the relationship of the parties or the relationship with and among other Franchisees.

You will cooperate with Us in any legal action We bring against third parties relating to this Agreement or to Our Proprietary Marks by providing Us with information or evidence available to You, as We may reasonably request. We will reimburse You for any reasonable actual cost to You in providing the information or evidence specifically required by Us, unless such information or evidence is directly related to the protection of Your rights.

We will have complete and entire control over any legal or informal action to stop acts of unfair competition or infringement of any Proprietary Marks or trade names, and We will decide, at Our sole discretion, whether any legal action will be taken. You will not participate in such action or decision, unless We give written consent.

**6.3.4 Franchisor's Right to Change Trademarks and Trade Name.** At any time upon written notice to You, We may add to, delete from, and/or change the Proprietary Marks and trade name licensed to You pursuant to this Agreement. All such additions, deletions and changes will

be as effective as if originally incorporated in this Agreement and will be made in good faith and on a reasonable basis.

**6.3.5 We are Sole Owner:** You acknowledge that We are the sole and exclusive owner of Our Intellectual Property which comprises the Proprietary Marks, all material elements of the Poop 911, all present or future Letters Patent, trademarks and service marks ("Proprietary Marks") including but not limited to the name "Poop 911", copyrighted materials, trade dress, trade secret and confidential business information, government approvals, intellectual property licenses and designs and patents of Poop 911 products and marks. You agree that all use of Intellectual Property, including Proprietary Marks and trade names will inure to Our sole benefit. Neither during nor after the term of this Agreement will You contest in any manner the validity of Our exclusive ownership and rights to all or part of the Intellectual Property and will not attempt to register or reserve rights in the same.

You recognize the great value of the goodwill associated with the Franchise Name and acknowledge that the Proprietary Marks and all rights therein and goodwill pertaining thereto belong exclusively to Us and that the Proprietary Marks have a secondary meaning in the mind of the public.

**6.3.6 Trade Secrets and Confidential Information:** You acknowledge that the trade secrets, information, ideas, research, methods, improvements, and copyright materials, owned or developed by Us, whether or not published, confidential, or suitable for registration or copyright, and the goodwill associated with them, are and will remain Our sole and exclusive property, provided or revealed to You in trust and confidence. "Confidential Information" and "Trade Secrets" mean the components of the business system under which the Franchise Business is operated, the contents of the Operating Manual, all training materials, computer programs and information in any other medium We develop and however We may convey them to You. All information and knowledge about the Franchise System and its services, products, designs, devices and tools, operations, standards, specifications, procedures, and techniques which are not in the public domain or generally known in the pet industry and such other information and material as We may designate as confidential will be deemed confidential and trade secret for purposes of this Agreement.

**6.3.7 Ownership of Confidential Information:** We are the exclusive owner of all Confidential Information as described in Section 2.1 and Paragraph 6.3.6 and reserve the right to use and sell derivative forms of the data in Our discretion. We may request You provide Us with customer lists at any time. Confidential Information includes but is not limited to:

- (a) all pet waste removal techniques, processes and methods provided to You or developed in the course of conducting Your Franchise Business,
- (b) marketing and promotional programs,
- (c) all databases compiled for use in or derived from the operation of the Franchise Business,
- (d) all data generated from the operation of the Franchise Business,

- (e) customer lists, customer profiles and historical data,
- (f) Operating Manual, and
- (g) Any proprietary software and data included with loan of handheld device.

You agree to keep all such information confidential and to use it only for the purposes and in the manner We authorize in writing.

You agree that during and after the termination of this Agreement neither You nor any of Your agents, heirs, successors, assigns or representatives will at any time use, copy or disclose to any other person for use for any purpose other than the operation of the Poop 911 Business any secret or confidential information received from Us, including but not limited to methods and techniques of performance of pet waste removal services, operations and marketing, specifications, and the Operating Manual.

**6.3.8 Independent Status:** All stationary, business cards, and contractual agreements entered into by You must also conspicuously state "This Poop 911 Pet Service is independently owned and operated".

**6.4 National Franchisee Advisory Council:** When one hundred (100) franchised Poop 911 Businesses are operational, We may develop governing By-Laws for and may appoint a National Franchisee Advisory Council ("Advisory Council"), comprised of at least four, but no more than eight franchise owners to serve on an annual basis. We will appoint Our own representative who may fully participate, except Our representative can only vote on a matter before the Advisory Council in the event of a deadlock. The Advisory Council's purpose will be to facilitate communications between franchise owners and Us and to serve in an advisory capacity to Us regarding advertising, new techniques and processes, methods of operation, product development and any other matters affecting the Poop 911 system which We both wish to cover. You will participate in the activities and be responsive to the communications of the Advisory Council. You and will bear Your own costs of participating in Advisory Council meetings and activities.

**6.5 National Marketing Cooperative:** If We so request, You will join and maintain the status of a member in good standing in a national marketing cooperative (the "Co-op") formed or to be formed to benefit generally the System and Poop 911 franchisees. You will sign and deliver to the co-op, the form of membership agreement adopted by the designated co-op and will contribute up to 1% of Gross Revenues, as determined by a 75% vote of franchisee members in favor of requiring. The purpose of the Co-op will be pool resources of groups of franchisees to advertise, promote and otherwise market the Poop 911 franchises and their services. We may participate on the same basis as franchisees for each company owned territory We service.

**6.6 Advertising:** The Franchise Business will be operated under the Franchise Name, *Poop 911*. All signs and advertising will prominently display the Franchise Name. All advertising and marketing will be subject to Our prior written approval. Pre-approved advertising, or advertising We provide, does not require renewed approval by Us if used within the time period authorized

for that advertising by Us. We will respond within thirty (30) days to all Your requests for approval of advertising. If We fail to do so, then You may use the advertising as requested only.

**6.7 Local Marketing:** You have an affirmative obligation to actively and, with Your best efforts, promote and advertise the Poop 911 Business. This obligation includes, but is not limited to, an obligation to engage in local marketing, promotional and advertising activities, known collectively as "Local Advertising".

**6.7.1 Approval:** You will submit to Us for review all marketing, advertising and promotional concepts, together with promotional or advertising materials, for approval by Us. You are prohibited from disseminating or implementing advertising, promotional or marketing schemes or materials without Our approval as set out in Paragraph 6.5 above. Use of advertising materials proposed by Us for Your use, consistent with the directions and standards for the use of such materials promulgated by Us, will not require Our approval before implementation.

**6.8 Prices; Participation in Promotions:** We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices You may charge for Poop 911 services and products. You acknowledge that periodic discounts and other promotions are an integral part of and benefit the promotion of the System and the Poop 911 brand identity. You agree to offer and participate in all such discounts and other promotions at Your cost and expense, in accordance with Our specifications.

**6.9 Physical Inspection:** In order to preserve the Franchise Name and insure that You are maintaining the standards of the Franchise System, We have the reasonable right, without prior notice, to inspect Your premises, vehicle and records, observe the manner in which You operate and maintain the Franchise Business, and interview or otherwise contact customers. We maintain a strong interest in the operation and success of each Poop 911 Business and may in Our discretion inspect all aspects of the Franchise Business, its operations and management, and Your policies and procedures.

## **7. YOUR OBLIGATIONS**

In addition to the other obligations in this Agreement:

**7.1 Your Obligations:** You must strictly comply with the operational and financial requirements of Our Operating Manual, this Agreement, federal, state and local law, and the rules and regulations We reasonably establish from time to time.

**7.2 Payment of Debts:** You will pay promptly when due all taxes of any kind on payments You made to Us, and all taxes, accounts and indebtedness of any kind incurred or suffered by You in the conduct of Your business, unless being contested actively in good faith. You also understand that You should consult Your own attorney, accountant, and insurance agent before entering into any such arrangement or agreement and on a regular basis thereafter.

**7.3 Independent Contractor Status:** You are an independent contractor responsible for exercising full control over the day-to-day operations of the Franchise Business. This Agreement does not create a relationship of principal and agent, joint venture, partnership or employment. You will not act or represent Yourself, directly or by implication, as Our agent or of any other franchisee of Ours. You will not create or attempt to create any obligation on behalf of or in Our name or any other franchisee of Ours.

**7.4 Continuing Operation:** You or Your controlling principal, if You are not an individual, are essential to the continuing operation of the Franchise Business as the only person authorized and trained to perform Poop 911 pet services on behalf of Your Franchise Business. Your franchise license has been granted on the condition that You are available to provide regular and reliable Poop 911 pet waste removal services according to Our current operating standards. You must actively participate in the daily management of Your Franchise Business and satisfy the operations management standards set out in the Manual. You acknowledge that if You do not do so, Our reputation and goodwill will be damaged as well lost revenues incurred.

**7.5 Customer Data and Privacy Protection:** To the extent that You obtain or have access to customer data and private and confidential personal information of Poop 911 customers, You will take all reasonable and necessary steps to maintain the security of that information and to comply with applicable federal and state privacy and related laws.

**7.6 Indemnification:** You agree that You will defend, indemnify, and hold Us, Our officers, directors, employees, agents, affiliates and other franchisees harmless from all fines, suits, proceedings, claims, demands, obligations, or actions of any kind, including costs and reasonable attorneys' fees, by anyone, allegedly arising from or connected with Your operation of the Franchise Business except for claims of infringement arising solely from Your use of the Franchise Name in accordance with this Agreement, as provided in Paragraph 6.3.

**7.7 Non-competition: Duration:** During the term of this Agreement, and for two (2) years from either: (a) termination, expiration, or non-renewal of this Agreement for any reason; or (b) cessation of operations of the Poop 911 Business by You as defined in Section 10.1.1(c); whichever is later: You will not directly; nor as a beneficial owner, investor, partner, director, officer, employee, independent contractor, representative, or agent; nor through a family member or other agent; control, own, provide consulting services for, benefit from or engage in: any business offering pet waste removal services or any other services and products then being offered by Poop 911 franchises, either as an independent business, as a franchisee or as a franchisor.

**7.7.1 Non-competition: Geographic Areas:** You acknowledge and agree that this non-competition restriction will bind You for the period of time above stated and for the following geographic areas: (a) as an independent business, shareholder, director, advisor, franchisee, licensee, employee, agent or consultant: twenty-five (25) miles from any franchise or other authorized Poop 911 Business exclusive Exclusive Territory in any direction; (b) as a franchisor and/or while operating a Poop 911 Business: of unlimited geographic scope.

**7.8 Reasonableness:** The terms contained in this Section 7 are the essence of this Agreement, and We would not license You without them. In consideration of Your agreement to the terms of this Section 7, We agree to train You in the use of the trade secret methods that We have developed at much expense for operating a Poop 911 business and to entrust to You Our Proprietary Marks, Trade Secrets and confidential information pertaining to Our business. You expressly agree that using Our training and this information in competition against Us and/or Our franchisees would be unfair and result in irreparable damage. You acknowledge that competition by a Franchisee as competition is defined at Paragraph 7.7 is extremely detrimental to any Poop 911 location and to Our interest in preserving Our system of exclusive Territories. You further acknowledge that the sensitive nature of the training, information and trade secrets referenced throughout this Agreement and specifically at Paragraph 6.3 hereof are of such a unique and protected nature as to substantiate as reasonable the time and geographic scope of this provision. If any portion of this provision is deemed unenforceable, void or voidable, as against public policy, or unreasonable in scope or terms, then the parties agree and stipulate that this provision will not be unenforceable as a whole but will instead be interpreted with the maximum time and/or geographic scope and the most restrictive effect on competitive activity consistent with an enforceable provision of this nature, and the remainder of this provision, as so amended, will be of full force and effect as if originally included herein.

## **8. TERM AND RENEWAL**

**8.1 Term:** This Agreement will become effective when signed by Us, and will continue for a term of five (5) years or until terminated pursuant to Section 10. If We are required by law to give You notice prior to the expiration of this Agreement and We fail to do so, this Agreement will remain in effect from month to month until We have given the required notice.

**8.2 Renewal:** If You are not in default at the time of the expiration of this Agreement or a subsequent renewal Franchise Agreement, have not been repeatedly in default under this Agreement, and have demonstrated consistent and adequate adherence to the customer satisfaction guidelines and other requirements of this Agreement and the Operating Manual, as determined at Our reasonable discretion, then You will have the option to continue the franchise relationship with Us for up to five additional terms of five ( 5 ) years, by each time executing Our then current franchise agreement, paying the renewal fee (see Paragraph 8.2.1 below), and delivering to Us a general release of any and all claims against Us, Our officers, directors, employees, agents, and affiliates from You and all other persons bound by this Agreement or renewal franchise agreement in a form satisfactory to Us. The relationship between Us and You during the renewal period will be governed by the provisions of Our then current franchise agreement, including without limitation those provisions pertaining to royalty, advertising, renewal and duration of the franchise; provided, however, the term of any second renewal of franchise will be no less than five (5) years, unless otherwise agreed by the parties in writing.

**8.2.1 Fee and Notice:** On renewal, You will pay a renewal fee equal to One Thousand Dollars (\$1,000) or Three Percent (3%) of the then prevailing Franchise Fee, whichever is greater. The renewal fee will be tendered upon written notification of Your intent to renew, which You must give Us by certified mail, return receipt provided, no later than six ( 6 ) months prior to the expiration of the then-effective franchise term.

**8.2.2 Modification of Agreement:** This Agreement may be modified only in writing signed by both of the parties. We reserve the right, however, to reduce the scope of the non-competition provision or Your obligations hereunder, if We determine in Our discretion that the scope of such restrictions or obligations are excessive or unduly onerous. Any such reduction will not be deemed a waiver by Us of that provision as amended.

**8.2.3 Upgrading:** We may from time to time require You to engage in upgrading, renovation, repairs and maintenance of the Poop 911 vehicle and tools to comply with changing design or marketing concepts or standards of appearance, at Your cost ("Upgrading"). We reserve the right to require upgrading at more frequent intervals, if We decide in Our discretion that it should be appropriate, whether system wide or for an individual franchise due to marketing requirements, deterioration, appearance or operations.

**8.3 Failure to Give Notice and Continued Operation:** If You fail to renew Your franchise but continue to operate Your Business, regardless of reason, then You will be deemed to be operating under the terms of this Agreement, albeit without the right to do so and We will have all the rights and remedies available to Us hereunder as well as by statute and common law.

## **9. SALE OR TRANSFER**

**9.1 Transfer by Franchisee:** Your rights under this Agreement are personal, and You will not sell, transfer, assign, sublease, or encumber this franchise, or any rights or duties arising under this Agreement, without Our prior written consent. Any unauthorized transfer by You will be voidable by Us.

**9.1.1 Ownership Changes:** "Transfer" is defined as any act or circumstance by which ownership or control is shifted in whole or in part from one entity or person to another, including, if You are a corporation, limited liability company or other legal entity, any changes in the present ownership of the stock, member interest, or comparable ownership designation of the franchise, as of the effective date of this Agreement) or the issuance of ownership interests of the franchise and if You are a partnership, any change in or addition of partners. You agree to notify Us of any change in the ownership or partnership interests in Franchise while this Agreement is in effect. All such changes are a transfer subject to the provisions of Section 9 (and subparts).

**9.1.2 First Right of Refusal:** We have the first right to purchase, if You are offering to sell or are considering an offer to purchase this Franchise. Before selling this franchise, You agree to give Us written notice of Your intention to sell and an offer stating the terms of the proposed sale

which will be identical in terms, price and manner of payment to this received by You in a bona fide written offer by an offeror. We will have thirty (30) days to accept or reject the offer.

a) If We accept the offer, We may operate, sell, or terminate the franchise. Our failure to accept within the required time will constitute rejection. If We accept, We will have ninety (90) days within which to fund the purchase.

(b) If We reject the offer, You will have forty-five (45) days to sell the franchise upon terms no more favorable than those offered to Us (subject to the approval by Us of the proposed Transferee/Franchisee pursuant to Paragraph 9.1 and subparts); thereafter, Our first right to purchase the franchise is reinstated.

**9.1.3 Conditions for Approval:** We have the right to reasonably disapprove any person or entity that would have actual, legal, or effective control over the Franchise Business, upon a sale, transfer, or change of ownership. We will approve a sale, transfer, or change of ownership only under the following conditions:

(a) *Prior Compliance.* If You have substantially performed Your obligations and duties under this Agreement;

(b) *Payments.* If We are paid all sums owed by You, under this and all other agreements, including obligations incurred but otherwise payable in the future;

(c) *Release.* If You agree to remain liable to Us for all obligations and events which occurred prior to the transfer and to continue to be bound by all the provisions of this Agreement which apply after the termination or transfer, and if You sign a general release of any and all claims against Us, Our officers, directors, employees, agents and affiliates;

(d) *New Agreement.* If the transferee meets the established standards for new franchisees and signs a new franchise agreement with the standard terms and conditions then being offered in Your state by Us, except that the transferee will pay Us a transfer and training fee of One Thousand Dollars (\$1,000) or Our actual costs, whichever is greater

(e) *Assumption of Liabilities.* If the transferee meets our current qualifications for new franchisees, resides or its controlling Principal resides within the Territory and agrees to assume all liabilities and obligations from the prior operation of the Franchise Business and complies with such other reasonable requirements as We may impose;

(f) *Training.* The transferee must have installed the required vehicle wrap and subsequently satisfactorily complete training before the sale of Your Business and Our approval can be final;

(g) *Governmental Compliance.* If the transfer is conducted in compliance with all applicable laws; and

(h) *Discretion of Franchisor.* Notwithstanding the above standards and requirements, the provisions will be deemed minimum standards and will not, once met, be deemed to require Us to approve any such Sale or Transfer as prima facie reasonable. We retain discretion to approve or disapprove such sale or transfer, and We may consider factors not referenced herein in making Our determination. Such power of approval will be reasonably exercised.

**9.2 Transfer by Franchisor:** This Agreement and any or all rights hereunder may be assigned by Us in whole or in part upon notice to You.

**9.3 Death or Disability:** If You or Your Controlling Principal die or become permanently disabled, We will consent to the transfer of the franchise and this Agreement, or the interest therein, whether such transfer is made by will or by operation of law, to any individual meeting Our current standards for new franchisees who satisfactorily completes Our training program, does not operate a competitive business and pays Us a transfer fee of \$1000, so long as the transferee otherwise complies with the requirements of Paragraph 9.1 and subparts and otherwise meets Our then current standards for new franchisees. Transfers by Your executor, administrator or representative must be in writing and subject to the provisions of this Section 9.

## **10. BREACH, DEFAULT, AND TERMINATION**

**10.1 Breach by You:** If You breach or default under this Agreement under the following circumstances, We will have all rights and remedies permitted by law or equity, including the right of termination:

**10.1.1 Without Notice:** We may terminate this Agreement without giving advance notice and without giving an opportunity to cure for any of the following breaches or defaults:

(a) *Public Danger.* Imminent danger to public health or safety, to the extent that may close the Franchise Business without notice to protect public health or safety, but We may terminate this Agreement only if the danger is not completely eliminated within five (5) days.

b) *Criminal Acts.* Your conviction or plea of guilty or no contest to a felony; or any other criminal misconduct relevant to the operation of the Poop 911 Business.

(c) *Ceasing to do Business.* Failure to submit service orders to Us for processing for fourteen (14) or more consecutive days except with Our prior written approval or for causes completely beyond Your control.

(d) *Unauthorized Transfer.* An attempted transfer in violation of the provisions of this Agreement.

(e) *Voluntary Bankruptcy.* If You make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated as bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for You or the operation of the Poop 911 Business.

(f) *Involuntary Bankruptcy.* If proceedings are commenced to have You adjudicated a bankrupt or to seek a reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within thirty (30) days, or a trustee or receiver is appointed for You or the franchise business without Your consent and the appointment is not vacated within fifteen (15) days.

(g) *Bankruptcy:* The occurrence of any event in subparagraph (e) or (f) above involving any franchisee.

(h) *Liens.* Levy of a writ of attachment or execution or the placement of other liens against You or any of Your assets which are not released or bonded against within 10 days.

(i) *Insolvency.* Your insolvency or that of any guarantor in either the bankruptcy or equitable sense.

(j) *Collections.* Two or more inventory vendors place You in collections.

(k) *Repeated Breaches.* Any breach or default which is repeated 3 or more times, regardless of whether cured after notice, in any twelve (12) month period.

(l) *Misrepresentation.* Any misrepresentation to Us in connection with obtaining the Franchise Agreement or the provision of any information pursuant to this Agreement.

(m) *Breach of Other Agreements.* Any material breach or default by You of another agreement or obligation owed to Us which is not cured within any permitted period for cure.

**10.1.2 Ten Days After Notice:** Unless otherwise specified in this Agreement, We may terminate this Agreement ten (10) days after giving You written notice specifying any of the following defaults or breaches by You if it remains uncured at the end of the 10 day period, (except that if a complete cure of a breach other than subsection (a) will require more than 10 days due to circumstances beyond Your control, then We may not terminate so long as reasonable steps towards a cure have been initiated and a complete cure results in a timely manner):

(a) *Nonpayment.* Failure to pay when due any sum owed to Us under this Agreement or any direct lease.

(b) *Jeopardizing the Franchise Name or System.* Any misuse of the Franchise Name or confidential information, or conduct which reflects unfavorably upon the operation and reputation of the Franchise System, including but not limited to non-payment or chronic dissatisfied customers.

(c) *Licensing.* Your failure to have any permit or license necessary for the operation of the Poop 911 Business.

**10.1.3 Thirty Days After Notice:** Unless otherwise specified in this Agreement, We may terminate this Agreement 30 days after giving You written notice specifying any or the following defaults or breaches by You, if any default remains uncured at the end of the 30 day period:

(a) Your failure to comply with the requirements of this Agreement, the mandatory rules, regulations, standards and procedures of the operation as may be specified in the Operating Manual and from time to time by Us.

(b) Your failure to make payment of local, state, or federal taxes, levies or assessments.

**10.2 Waiver:** Neither Your nor Our waiver of a breach or default by the other, or by other franchisees, nor delay or failure to exercise any right upon breach or default, nor acceptance of any payment, will impair rights for other breaches or defaults of the same or a different kind. The description of any breach or default in any notice will not preclude the later assertion of other additional defaults or breaches.

**10.3 Step-In Rights:** If We determine in Our sole judgment that the operation of Your business is in jeopardy, or if a material default occurs, then in order to prevent an interruption of the Franchised Business which would harm to the System and lessen its value, You authorize us to operate Your business for as long as We deem necessary and practical, and without waiver of any other rights or remedies which We may have under this Agreement. In Our sole judgment, We may deem You incapable of operating the Franchised Business if, without limitation, You are absent or incapacitated by reason of illness or death; You have failed to pay when due and on demand any monies owed to us, any affiliate or approved vendor; You refuse to communicate with us, or We determine that operational problems require that We operate Your business for a period of time that We determine, in Our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We will keep in a separate account all monies generated by the operation of Your business, less the expenses of the business, including reasonable compensation and expenses for Our representatives. If We temporarily operate the Franchised Business on Your behalf, You also agree to pay us the then-current fee for the management and maintenance of the Franchised Business in Your absence. If We exercise the Step-In Rights, You agree to hold harmless us and Our representatives for all actions occurring during the course of such temporary operation. You must pay all of Our reasonable attorneys' fees and costs incurred as a consequence of Our exercise of

the Step-In Rights. Exercise of these Rights will not prevent us from exercising any other right which We may have under this Agreement, including, without limitation, termination.

## **11. RIGHTS AND DUTIES UPON TRANSFER OR TERMINATION**

In addition to the rights and duties specified elsewhere in this Agreement, immediately upon the expiration, transfer, or termination of this Agreement for any reason:

**11.1 Acceleration of Payments:** All money You owe Us will be due and payable.

**11.1.1 Franchise Revoked:** All rights and licenses granted to You under this Agreement will terminate.

**11.2 Tools and Supplies:** You will cease using and will deliver to Us or to an approved transferee, or upon Our instructions, destroy all supplies and items pertaining to the Franchise System and the Franchise Name and all copyrighted materials, including the Operating Manual and any tools and items bearing Our Marks that We have loaned or otherwise provided to You.

**11.3 Telephone:** You will cease using all telephone numbers and listings used in connection with the Poop 911 Business, transfer all numbers and listings to Us, an approved transferee or any entity designated by Us and promptly direct and authorize the telephone company to make the transfers or, if We so direct, to disconnect the numbers completely.

**11.4 Power of Attorney:** We are hereby irrevocably appointed as Your attorney-in-fact to sign in Your name and on Your behalf all documents necessary to discontinue Your use of the Franchise Name.

**11.5 Non-competition:** You will continue to be bound by all the provisions of Paragraph 7.7. (and sub-parts).

**11.6 Notice of Election:** Our election to exercise any or all of those rights enumerated in Paragraphs 11.2 and 11.5 ( and subparts ) will be made in writing to Your last business address, or such other address last specified at Section 12 below, within fifteen (15) days of termination or of Our actual knowledge of the event of termination, whichever is later.

**11.7 De-Identification:** On termination or expiration, You agree that You will not directly or indirectly identify Yourself or any business as a current or former franchisee of Poop 911, nor use or disseminate any design, Mark, operations, signs or other commercial symbol suggesting a connection with Poop 911. Regardless of Our exercise of any option or right under Section 11 above (including subparts), You will immediately take all actions necessary to cancel all fictitious name registrations, remove vehicle signage, and telephone directories or listings reflecting Your use of the franchise name or mark.

**12. INDEPENDENT BUSINESS**

**12.1 Independent Business Status:** You are an independent business, responsible for exercising full control over the day-to-day operations of Your Franchise Business. This Agreement does not create a relationship of principal and agent, joint venture, partnership or employment. You will not act or represent Yourself, directly or by implication, as Our agent or of any other Franchisee of Ours. You will not create or attempt to create any obligation on behalf of or in Our name or any other Franchisee of Ours.

**12.2 Control.** Except as specified by this Agreement, the Manual and those standards that we deem necessary to maintain the integrity and goodwill of the Marks and the System, We have no right to control the time, place, manner or method in or by which You operate Your Business.

**12.3 Assistants.** You may hire assistants at Your own cost to help deliver or fully deliver the duties contemplated in this Agreement, so long as they are under Your supervision.

**12.4 Tax Payments and Withholding.** Since neither You nor Your employees are Our employees, We are not obligated to, nor will We, perform any of the following duties for Your benefit or any of Your employees:

- 12.4.1** Withhold federal, state or local income tax, sales tax or payroll tax of any kind, including FICA (Social Security), from Franchisee's payments;
- 12.4.2** Make unemployment insurance contributions to the state or federal government; or
- 12.4.3** Obtain worker's compensation insurance.

You further acknowledge that You are liable for Your own federal, state and local income and taxes and federal employment taxes related to income received.

**13. NOTICES**

All notices, requests, demands, and reports to be given under this Agreement are to be in writing, delivered by hand, telegram, or certified or registered mail (except that regular monthly and annual reports from You may be sent by regular mail) to the following addresses (which may be changed by written notice):

*Franchisor:*

Hounds Mounds, Inc.  
3824 Cedar Springs Rd., Ste 200  
Dallas TX 75219

*Franchisee:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notice by mail will be considered given on the third ( 3rd ) business day after mailing or upon actual receipt, whichever is earlier. Any individual franchisee, general manager, guarantor, partner, or substantial beneficial owner will be conclusively deemed to have personally received any notice sent by Us pursuant to or in connection with this Franchise Agreement, related documents and agreements between the parties, or the franchise business, by mailing notice to Your address established pursuant to this paragraph, whether addressed to the entity or to the entity executing this Agreement as Franchisee.

## **14. INTERPRETATION**

**14.1 Integration and Amendments:** This Agreement constitutes the entire agreement of the parties to which all prior negotiations, commitments, representations and undertakings with respect of the subject matter hereof are merged. There are no oral or other written understandings or agreements between the parties relating to the subject matter of this Agreement. NOTHING IN THIS AGREEMENT OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS WE MADE IN THE FRANCHISE DISCLOSURE DOCUMENT. This Agreement may only be changed by a written document signed by both parties, with the sole exception of amendments to the agreement made pursuant to Paragraph 8.2.2.

**14.2 Choice of Law and Forum:** This Agreement will be construed under the laws of the state of Texas and any legal action concerning this Agreement will be brought in a court of competent jurisdiction, in Dallas County, State of Texas. You hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision and waive any objection to such jurisdiction. Notwithstanding the foregoing, We may bring an action for a temporary restraining order, temporary or preliminary injunctive relief, or to enforce an arbitration award, or to litigate matters not subject to or excludable by Us, from arbitration, in any federal or state court of general jurisdiction in the state in which You reside or in which the Business is located.

**14.3 Construction of Language:** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires; if more than one party or persons is referred to as You, their obligations and liabilities will be joint and several. Headings are for reference purposes and do not control interpretation.

**14.4 Successors:** References to We and You include successors, assigns, or transferees of both parties.

**14.5 Severability:** If any provision of this Agreement is deemed to be invalid or inoperative for any reason, that provision will be deemed modified to the extent necessary to make it valid and operative, or if it cannot be so modified, then severed, and the remainder of the Agreement will continue in full force and effect as if the Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments

to Us or protection of the Franchise Name or trade secrets is declared invalid or unenforceable, then We at Our option may terminate this Agreement upon written notice to You.

## **15. ENFORCEMENT**

**15.1 Execution of Documents:** The parties agree to sign and deliver all documents necessary or appropriate to carry out the purposes and intent of this Agreement.

**15.2 Alternative Dispute Resolution:** The parties acknowledge that, during the term of this Agreement, certain disputes may arise between the parties, and that the parties will make every attempt to resolve the dispute using the following methods:

**15.2.1 Negotiation:** The parties will attempt to resolve promptly any controversy or claim arising out of or relating to this Agreement or any other agreement entered into pursuant to this Agreement by negotiating in good faith; and

**15.2.2 Mediation:** If the parties are unable to resolve a controversy or claim through negotiation, they agree that either party then has the right, prior to commencement of litigation, to require that the dispute between them first be submitted for mediation to the Arbitration Organization identified in Paragraph 15.2.3 below. The mediator will be agreed upon by the parties, with the mediation taking place in Dallas, Texas and the cost of the mediation shared equally by the parties.

**15.2.3 Disputes Excluded:** In Our sole discretion, the requirements to mediate under this Paragraph 15.2 will not apply to disputes involving Our rights under all or part of Paragraphs 6.3, 7.6, 7.7, 11.2 or 11.5 as set out in this Agreement, for which we may seek not only injunctive relief as set out in Paragraph 15.3 below, but may also litigate the entire dispute in a court of competent jurisdiction having venue in Dallas, Texas.

**15.3 Injunctive Relief:** In the event of any breach or threatened breach of this Agreement by You, We will immediately be entitled to injunctive relief (including a temporary restraining order, preliminary injunction, and specific performance) without showing or proving any actual damage sustained and will not thereby be deemed to have elected its remedies. It is specifically understood and agreed that We may incur incalculable and irreparable damage from any violation of Paragraphs 6.3, 7.6, 7.7, 11.2 or 11.5, and that We have no adequate remedy at law and are entitled to injunctive relief, including specific performance, for any actual or threatened violation.

**15.4 Attorneys' Fees:** If either party institutes legal proceedings to enforce the terms or conditions of this Agreement, the prevailing party will be entitled to recover all its reasonable expenses, including attorneys' fees, costs, and other expenses reasonably and necessarily incurred.

**15.5 Waiver of Jury Trial; Limitations of Claims:** WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US. Except for claims arising from Your non-payment or underpayment of amounts You owe Us pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or Our relationship with You will be barred unless a judicial or arbitration proceeding is commenced within two (2) years from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

**15.6 Force Majeure:** We will not be liable to You for any failure or delay in performing any obligation, in whole or in part under this Agreement, if the failure or delay results directly or indirectly from wars (declared or not), insurrections, riots, fires, floods, explosions, earthquakes, accidents, epidemic or quarantine restrictions, acts of God, any active government or government priorities, transportation failures or delays, embargoes, material or parts shortages, strikes, labor trouble causing a cessation or slowdown or interruption of work (including labor troubles or other delays at a supplier's or service vendor's facility or "in the cloud" platform), events where an export license is refused or withdrawn, or any other cause beyond Our reasonable control.

## **16. REPRESENTATIONS, APPROVAL AND GUARANTEES OF EQUITY HOLDERS**

If You are a corporation, partnership, or other legal entity ("Business Entity"), You must own One Hundred Percent (100%) of the interests in the Business Entity, agree to furnish the financial information required, agree to the restrictions placed on them (including restrictions on the transfer of their interests in the franchise and limitations on their ability to compete), and sign a separate written guarantee of Your payments and performance under the terms of this Agreement. The shareholders, members, or other parties executing guarantees will be considered "franchisees" within the context of the definitions at Paragraph 7.1.2 hereof and agree to be bound by all the terms of this Agreement. Additionally, all shareholders, members, partners or other parties executing guarantees or otherwise holding a direct or beneficial interest in You shall also sign a Restrictive Covenant Agreement in the form attached to this Agreement as Exhibit D.

You represent that, as of the execution of this Agreement, the equity and voting control of You, as the party to this Agreement, is as shown in Exhibit C, which is attached to and made a part of this Agreement. If You, or any approved successor of You, are a Business Entity, You will submit to Us before any proposed transfer of an equity or voting interest, and at any other time upon request, a list of all holders of direct or indirect equity or voting interests of record reflecting their respective present and/or proposed direct or indirect interests in You, in the form that We may require. In addition, You will provide Us with Your governing documents, evidence of authority and written ratification of this Agreement in a document appropriate to Your form of organization. In computing the percentages of equity interest owned in You for purposes of this Paragraph 16, general partnership interests will not be distinguished from limited partnership interests.

## 17. REPRESENTATIONS

No Representations, Promises, Guarantees or Warranties of Any Kind Were Made by Us or Our Representatives Except as Specifically Set Forth in this Agreement. Applicant Understands That His or Her Success as a Franchisee Will Be Dependent upon His or Her Own Efforts and Judgments, and the Services of Those He or She Employs.

Applicant Understands And Agrees That We Have No Obligation to Accept This Application And May Refuse to Grant a Franchise For Any Reason, or No Reason, Without Disclosing The Basis For Our Decision. Applicant Acknowledges That Unless And Until We Notify Applicant in Writing That The Franchise Has Been Granted, Applicant Is Not a Franchisee And May Not Rely Upon Becoming a Franchisee.

NOTHING IN THIS AGREEMENT OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS WE MADE IN THE FRANCHISE DISCLOSURE DOCUMENT.

**18. ACKNOWLEDGMENTS; INDEPENDENT EVALUATION:** YOU ACKNOWLEDGE THAT YOU HAVE READ THIS AGREEMENT, TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT. YOU HAVE CONDUCTED YOUR OWN DETAILED INQUIRY INTO THE PET WASTE REMOVAL SERVICE BUSINESS WHICH IS THE SUBJECT OF THIS AGREEMENT AND HAVE CONSULTED OR HAD AMPLE OPPORTUNITY TO CONSULT WITH PROFESSIONALS AND EXPERTS, INCLUDING BUT NOT LIMITED TO LEGAL COUNSEL, ACCOUNTANTS, AND BUSINESS ADVISORS.

YOU DO NOT RELY UPON ANY VERBAL OR WRITTEN INFORMATION, WHETHER FROM US OR OUR REPRESENTATIVES, FRANCHISEES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS WHICH IS NOT REFLECTED IN THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT.

YOU DO NOT RELY UPON ANY REPRESENTATIONS CONCERNING SALES VOLUME, INCOME, PROFITS, OR SUCCESS OF THE FRANCHISE BUSINESS WHICH IS THE SUBJECT OF THIS AGREEMENT. ANY PROJECTIONS OR ESTIMATES PREPARED OR PRESENTED BY US OR OUR FRANCHISEES OR AGENTS ARE ACKNOWLEDGED TO BE A ROUGH ESTIMATE ONLY AND NOT A GUARANTEE OF THE PERFORMANCE OR SUCCESS OF ANY GIVEN FRANCHISE BUSINESS.

[Balance of Page Intentionally Left Blank]

**19. SIGNATURES.**

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To be completed by Us:

THIS AGREEMENT WILL TERMINATE ON \_\_\_\_\_, 20\_\_,  
**unless ended or terminated sooner pursuant to its terms.**

"You":

Dated: \_\_\_\_\_

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

"We"  
**Hounds Mounds, Inc.**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Geoffrey Bodle, President

**PRINCIPAL'S GUARANTEE:**

In accordance with Section 16, the undersigned personally join in this Franchise Agreement dated \_\_\_\_\_, 20\_\_ between Hounds Mounds, Inc., a Texas corporation ("We") and \_\_\_\_\_ ("You") on behalf of \_\_\_\_\_.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position or Interest

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position or Interest

\_\_\_\_\_  
Date

**EXHIBIT A to the Franchise Agreement**  
dated \_\_\_\_\_ by and between Hounds Mounds, Inc.  
and

**AGREEMENT FOR THE SALE OF RECEIVABLES**

This Agreement is made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, between Hounds Mounds, Inc., a Texas corporation ("Franchisor") and \_\_\_\_\_ (" Seller/Grantor").

**RECITALS:**

- a) Franchisor and Seller/Grantor have entered into a Franchise Agreement dated -- (the "Franchise Agreement") which sets forth the terms of their relationship as it pertains to Seller/Grantor's Poop 911 business (the "Business").
- b) Franchisor, pursuant to the Franchise Agreement and subject to and on the terms of this Agreement, agrees to invoice the customers of the Business, collect the Business Receivables (defined below) and pay, from the Business Receivables so collected, certain other fees and costs of the Business.
- c) Franchisor, pursuant to the Franchise Agreement and subject to and on the terms of this Agreement, after collection of the Business Receivables and payment of Seller/Grantor's suppliers to the Business and other fees, agrees to remit the Net Proceeds (defined below) to Seller/Grantor.
- d) From time to time, Franchisor may pay Seller/Grantor prior to collection of the related Business Receivables. In order to facilitate such advances, Franchisor requires Seller/Grantor to pledge to the Franchisor the Business Receivables.

**Agreement:**

In consideration of the foregoing Recitals and the parties' signing and delivering the Franchise Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as set forth in the provisions below.

**1. Grant of Security Interest.** To secure the performance of all obligations of Seller/Grantor to Franchisor under this Agreement and the Franchise Agreement, Seller/Grantor grants to Franchisor a first priority security interest in the Business Receivables. Except as limited below, "Business Receivables" means all of the present and future accounts, contract rights, chattel paper, general intangibles, notes, drafts, acceptances, chattel mortgages, conditional sales contracts, bailment leases, security agreements and other forms of obligations to the Business now or hereafter arising out of or acquired in the course of the Business, together with all liens, guarantees,

securities, rights, remedies and privileges pertaining to any of the foregoing, now existing or hereafter arising and all increases, substitutions, replacements and additions to the foregoing, and all proceeds of the foregoing of every type, including cash and non-cash proceeds and returned and repossessed inventory; provided that "Business Receivables" shall not include any receivables generated by Seller/Grantor from activities unrelated to the Business or generated from or attributed to gains from the sale of assets, rents, royalties, interest, dividends or other passive activity. For purposes of this Agreement the term the "Business" shall mean only those activities conducted in association with the name "Poop 911" or others directly related to the use of the Poop 911 System under the Franchise Agreement.

**2. No Other Security Interests.** Seller/Grantor shall not, during the term of this Agreement, sell, transfer, pledge, hypothecate, or create or allow to exist a security interest or other lien in any of the Business Receivables to or in favor of any person, firm or corporation other than Franchisor. Seller/Grantor warrants and covenants that the Business Receivables are and will remain free and clear of all liens, claims and encumbrances whatsoever, except for those granted to Franchisor.

**3. Sale of Business Receivables.** Seller/Grantor will sell and, subject to the terms and conditions of this Agreement, Franchisor will buy, at the gross invoice amount, but subject to actual collection, all of the Business Receivables. All such Business Receivables shall be owned by and payable directly to Franchisor and Seller/Grantor hereby assigns and transfers to Franchisor all of his right, title and interest in and to all of the Business Receivables, and will upon Franchisor's request from time to time, execute and deliver to Franchisor, in confirmation of its title thereto, a detailed assignment of specific Business Receivables in a manner and form satisfactory to Franchisor. Franchisor shall have the right to give notice of this assignment to Seller/Grantor's customers and, at Franchisor's discretion, to bring all proceedings for collection in Seller/Grantor's name and to exercise any of Seller/Grantor's rights of stoppage in transit, replevin, and reclamation. Seller/Grantor acknowledges and agrees that such assignment shall take effect, and that Franchisor shall take title to each Business Receivable, immediately upon its creation. Seller/Grantor agrees, should any remittance of any Business Receivable be made directly to Seller/Grantor, to receive it in trust for Franchisor, as the property of Franchisor, and to immediately turn over to Franchisor the identical check or other form of payment so received, and Seller/Grantor hereby irrevocably appoints Franchisor, or any person designated by Franchisor, its true and lawful attorney-in-fact to: (a) endorse the name of Seller/Grantor on any notes, acceptances, checks, drafts, money orders, or other remittances relating to any of the Business Receivables; (b) endorse the name of Seller/Grantor on any invoice, freight, or express bill or bill of lading, storage receipt, warehouse receipt or other instrument or document in respect to the Business Receivables; (c) sign the name of Seller/Grantor to drains against Seller/Grantor, assignments or verifications of the Business Receivables and notices to Seller/Grantor's customers; (d) change the post office address of Seller/Grantor in the event Seller/Grantor ceases business due to bankruptcy or otherwise, or breaches this Agreement, or breaches or terminates the Franchise Agreement or if for any reason Franchisor feels insecure; and (e) do all other acts and things necessary to carry out the intent of this Agreement. The authority herein granted to Franchisor shall remain in full force and effect for so long as this Agreement shall remain in force and until all of the Business Receivables transferred to Franchisor have been paid in full.

**4. Remitting Net Proceeds.** As payment for the Business Receivables, Franchisor shall remit to Seller/Grantor at regular intervals at least twice per month the Net Proceeds of the Business Receivables upon collection by Franchisor. "Net Proceeds" means the gross amount collected by Franchisor from Seller/Grantor's customers since Franchisor's most recent remittance to Seller/Grantor, less: (a) fees due to Franchisor pursuant to the Franchise Agreement or any other agreement between Franchisor and Franchisee; (b) amounts Franchisor spends to adjust claims against the Business on Seller/Grantor's behalf pursuant to Section 6 below; and (c) any other amounts owed by Seller/Grantor to Franchisor or its affiliates. If Franchisor has paid out more money to or on behalf of Seller/Grantor than it has collected on the Business Receivables, Franchisor shall deduct the difference from the next payment due to Seller/Grantor as described above. In collecting the Business Receivables, Franchisor shall be obligated only to bill Seller/Grantor's customers. Notwithstanding any other provision of this Agreement, Seller/Grantor shall be solely responsible for the payment when due of all sales and use taxes payable on orders processed by Franchisor pursuant to this Agreement.

**5. Acknowledgments.** Seller/Grantor acknowledges and agrees that: (a) Franchisor may, in its discretion, assign the Business Receivables or any or all of its interest therein to, or grant a security or other interest in the Business Receivables in favor of, any third party creditor or lender of Franchisor; (b) Franchisor may refuse to process any order through the order processing system described in this Agreement if it believes, in its sole discretion, that the customer placing the order does not satisfy Franchisor's minimum standards of creditworthiness; and (c) pursuant to Section 3.3.1 of the Franchise Agreement, Franchisor may, in its sole discretion and in addition to any other remedy it may have under the Franchise Agreement, withdraw Seller/Grantor's right to participate in the order processing system described in this Agreement if Seller/Grantor is in default or in violation of any provision of the Franchise Agreement from the date upon which Franchisor gives notice to Seller/Grantor of its default or violation until such default or violation is fully cured. So long as there are no amounts then owing to Franchisor from Seller/Grantor, Franchisor shall assign back to Seller/Grantor any Business Receivables related to invoices from suppliers to Seller/Grantor which Franchisor will not pay.

**6. Settlement of Disputes.** Franchisor shall have the right in good faith to settle or adjust all disputes or claims directly with Seller/Grantor's customers with respect to the Business Receivables on the terms of this Agreement and to compromise or extend the time of payment for the Business Receivables on such terms and conditions as Franchisor may determine without affecting the liability of Seller/Grantor hereunder. Seller/Grantor shall cooperate with Franchisor in efforts to resolve any disputes between Franchisee's customers.

**7. Waiver; Cumulative Rights.** The waiver by Franchisor of any breach of this Agreement or of any warranty or representation set forth herein shall not be construed as a waiver of any subsequent breach. The rights of the parties are cumulative, and the exercise or failure to exercise any rights and remedies herein provided shall not preclude any exercise or enforcement of any other right or remedy hereunder or to which a party is entitled by any other agreement between the parties or by law.

**8. Rights Upon Expiration or Termination.** Upon expiration or termination of the Franchise Agreement, Franchisor shall have the right, but not the obligation, to purchase the remaining Business Receivables from Seller/Grantor. This Agreement shall terminate as of the date after the expiration or termination of the Franchise Agreement on which all fees and other amounts owed by Seller/Grantor to Franchisor have been paid and Franchisor has been reimbursed in full for all amounts it has paid to suppliers on behalf of Seller/Grantor.

Upon the expiration or termination of this Agreement Franchisor may, but is not obligated to, assign back to Seller/Grantor any Business Receivables outstanding more than ninety (90) days and not collected by Franchisor, provided Franchisor has obtained any necessary consents from its lenders.

**9. Additional Documents.** Seller/Grantor agrees to execute and deliver to Franchisor any and all additional instruments or documents, including, without limiting the generality of the foregoing, financing statements and other documents required for the perfection or modification of Franchisor's security interests, and to do all things which Franchisor from time to time may deem necessary or convenient to effect the provisions of this Agreement.

**10. Amendment and Assignment.** This Agreement may not be altered or amended except with the written consent of each of the parties. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

**11. Governing Law.** This Agreement and the rights, obligations and duties of each of the parties hereto shall be construed according to the laws of the State of Texas, without regard to its conflicts of laws principles.

**12. Construction.** Wherever in this Agreement the context so requires, the singular form of a word shall include the plural and the masculine and neuter forms shall include each other and the feminine. The headings of the various sections of this Agreement are for convenience only and do not affect the meaning or construction of any provision. If two or more persons are the Seller/Grantor hereunder, their obligations and liabilities under this Agreement shall be joint and several. A reference to "Seller/Grantor" includes each individual who is the Seller/Grantor hereunder.

**Franchisor**  
Hounds Mounds, Inc.

**Seller/Grantor**

By: \_\_\_\_\_  
Geoffrey Bodle, President

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**EXHIBIT B TO PARAGRAPH 4.1 of FRANCHISE AGREEMENT**

**YOUR TERRITORY**

This Exhibit is signed as an amendment to the Franchise Agreement between Hounds Mounds, Inc. ("We" or "Us") and \_\_\_\_\_ ("You") and is incorporated and made a part of that Agreement.

1. Your Poop 911 Business will be operated from the following premises.
  
  
  
  
  
  
  
  
  
  
2. We will not locate or operate another Poop 911® Business within Your Territory, which will be:

IN AGREEMENT WHEREOF, the parties have signed this Exhibit and amendment.

You: \_\_\_\_\_

Dated: \_\_\_\_\_

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

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

**Hounds Mounds, INC.**

Dated: \_\_\_\_\_

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

Geoffrey Bodle, President

**EXHIBIT C to Franchise Agreement  
between**

**Hounds Mounds, Inc. and \_\_\_\_\_**

ACKNOWLEDGMENT & REPRESENTATION REGARDING CONTROLLING PERSONS

You here represent that You are a(n): (check one):

- |                                 |               |
|---------------------------------|---------------|
| individual                      | partnership   |
| corporation                     | joint venture |
| other business form (describe): |               |

You hereby warrant and represent that You are organized in the state of \_\_\_\_\_ and that the following persons own, either legally or beneficially, all of the voting control of You:

<u>Name</u> _____	<u>Type of Ownership</u> (legal or beneficial) _____	<u>Percentage of</u> <u>Interest</u>	<u>Percentage</u> <u>Interest voted</u>
-------------------	---	---	--

- 1.
- 2.
- 3.
- 4.

You hereby acknowledge that We are relying on these representations as a material inducement and basis for entering into this Agreement and that the information set forth above is true and correct and that there is no information omitted which, if disclosed, would alter or qualify the information set forth in this **Exhibit C**.

You: \_\_\_\_\_  
(Print Name of Individual Franchisee  
or Business Entity Franchisee)

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

Its \_\_\_\_\_

Date \_\_\_\_\_

## Exhibit D to Franchise Agreement

### RESTRICTIVE COVENANT AGREEMENT

THIS AGREEMENT is entered into by and between the parties: Hound Mounds, Inc. (**Franchisor**), \_\_\_\_\_ (**Franchisee**), a [corporation] [partnership] [limited liability company] organized under the laws of the State of \_\_\_\_\_, and \_\_\_\_\_ (**Owner**), an individual resident of the State of \_\_\_\_\_.

#### **RECITALS:**

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_ (the **Franchise Agreement**), Franchisor granted Franchisee a franchise to operate a pet waste removal business (the **Franchise**), using Franchisor's unique franchise system and Franchisor's trade name and service mark Poop 911<sup>SM</sup> and other proprietary marks; and

Owner is the owner of \_\_\_\_\_% of the total outstanding voting stock of Franchisee; and [Use with a corporation]

[or Owner is the \_\_\_\_\_ [President, Vice President, Treasurer, Secretary, or other officer] of Franchisee;] [Use with only an officer or both officer and shareholder]

[or Owner is the owner of a \_\_\_\_\_% partnership interest in Franchisee;] [Use with a partnership.]

[or Owner is the owner of a \_\_\_\_\_% membership interest in Franchisee;] [Use with a Limited Liability Company]

2. Franchisor has expended substantial amounts of time and money in developing the Marks (as hereinafter defined) and Franchisor's distinctive franchise system, including, without limitation, pet waste removal techniques and trade secret processes, unique sales and marketing methods, pricing techniques, new product and pet techniques development, financial information, and procedures for the efficient operation of a pet waste removal business franchise, all of which Owner acknowledges to be confidential and proprietary information; and

3. In connection with the operation of the Franchise, Owner will have access to such confidential and proprietary information; and

4. As a condition precedent to granting the Franchise to Franchisee, all shareholders, officers, partners, or members of Franchisee must execute the covenants contained herein;

#### **AGREEMENT:**

As additional consideration and inducement for granting the Franchise to Franchisee, Owner hereby agrees and covenants to Franchisee and Franchisor as follows:

1. Confidentiality. Owner acknowledges the proprietary and confidential nature of Franchisor's Operations Manual, and other trade secret processes, techniques and business systems, that Franchisee has received on loan from Franchisor for the term of the Franchise Agreement, unique sales and marketing methods, pricing techniques, promotional materials, new product development, financial information, customer or referral lists, procedures for the efficient operation of a pet waste removal services franchise, and any other methods, procedures, processes, techniques, information, knowledge, or know-how concerning Franchisor's franchise system or Franchisee's Franchise in particular that may not be commonly known to the public or to Franchisor's or Franchisee's competitors and that Franchisor or Franchisee have identified or may identify as proprietary and confidential information (**Trade Secrets**). Owner shall use such Trade Secrets solely for Franchisee's benefit and shall not, during the term of the Franchise Agreement or at any time thereafter, communicate, divulge, or use any Trade Secrets to or for the benefit of any other person, entity or organization.
2. Proprietary Marks. Owner acknowledges Franchisor's right, title, and interest in and to the service mark Poop 911<sup>SM</sup>, Franchisor's stylized "Poop 911" logo, and certain other proprietary service marks, logos, symbols and trade names presently used by Franchisor or that Franchisor may hereafter use or provide for use by Franchisee, and the identification, schemes, standards, specifications, operating procedures, and other concepts embodied in Franchisor's franchise system (the **Marks**). Owner further acknowledges that any use of the Marks outside the scope of the Franchise Agreement without Franchisor's prior written consent would be an infringement of Franchisor's rights in the Marks. Owner expressly covenants that he/she shall not, directly or indirectly, commit an act of infringement or contest, or aid in contesting, the validity or ownership of the Marks or take any other action in derogation of the Marks during the term of the Franchise Agreement or after the expiration or termination thereof.
3. Non-solicitation. Owner covenants that he/she shall not, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, either directly or indirectly, for him/herself or through, on behalf of, or in conjunction with, any person, entity or organization:
  - a) divert or attempt to divert any business or customer of Franchisee's business, Franchisor's business or of any other Franchisee of Franchisor, to any competitor or to Owner, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that may be injurious or prejudicial to the goodwill associated with the Marks and Franchisor's franchise system; or

- b) employ or seek to employ any person who is at that time employed by Franchisee, Franchisor, or any other Franchisee of Franchisor, or otherwise directly or indirectly attempt to induce such person to leave his or her employment.
4. Non-competition. Owner covenants that, during the term of the Franchise Agreement and for a continuous and uninterrupted period commencing upon the expiration or termination of the Franchise Agreement (regardless of the cause for termination) and continuing for two (2) years thereafter, directly or indirectly, for him/herself or through, on behalf of, or in conjunction with any person, entity or organization, own, maintain, operate, engage in, or have any interest in, any business offering pet waste removal services or other products or services that had been offered by Franchisee, which is or is intended to be located within Franchisee's Territory (as defined in the Franchise Agreement). This restriction shall not apply to the beneficial ownership by Owner of less than five percent (5%) of the outstanding equity securities of any corporation whose securities are registered under the Securities and Exchange Act of 1934.
5. Remedies. Owner acknowledges that his/her violation of any of the covenants contained in this Agreement would result in irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law may be available, and accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorney fees incurred by Franchisor or Franchisee in obtaining an injunction enjoining any conduct by Owner prohibited by the terms of this Agreement. This remedy shall be in addition to any and all other remedies that may be available to Franchisor or Franchisee.
6. Severability. The parties agree that each of the covenants contained in this Agreement shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant contained herein is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision, Owner expressly agrees to be bound by any lesser covenants subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenants were separately stated in and made a part of this Agreement.
7. Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.
8. Construction. The parties agree that this Agreement shall be deemed to have been entered into in, and shall be governed by and construed in accordance with the laws of, the State of \_\_\_\_state in which franchisee is located\_\_\_\_\_.
9. Jurisdiction. The parties agree that any action based upon this Agreement brought by any party or third party beneficiary hereto against any other party hereto may be brought within the State of Texas in the judicial district in which Franchisor has its principal place of business, and hereby consent to the exercise of personal

jurisdiction by any such court and waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

10. Legal Expenses. If a dispute arises under this Agreement, the prevailing party shall be entitled to recover its expenses, including reasonable attorney and accountant fees, in addition to any other relief to which it may be found entitled.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused it to be executed by their duly authorized representative, as of the dates set forth below.

**Franchisee:**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Its : \_\_\_\_\_

**Owner:**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Print Name: \_\_\_\_\_

**Franchisor: Hounds Mounds, Inc.:**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Geoffrey Bodle, President

**EXHIBIT D to FDD**

**Operations Manual**

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## Exhibit D to FDD

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**TOTAL NUMBER OF PAGES IN MANUAL AS OF ISSUE DATE OF FDD =   46**

## EXHIBIT E - LIST OF POOP 911 OPERATORS (2020)

(Updated as of December 31, 2020)

### ARKANSAS

NW Arkansas Poop 911  
Sally and Andy Reed  
217 Blake Drive  
CENTERTON, AR 72719-9248  
479-957-7718

San Diego Poop 911  
Mike Miller  
12172 Abbey Ct.  
Rancho Cucamonga, CA 91739  
877-766-7911

### ARIZONA

Phoenix Poop 911  
Heather McGuirre  
1906 E. Kings Avenue  
Phoenix, AZ 85022-6235  
623-879-2482

San Francisco Northbay POOP 911  
Pete Athoe  
125 ASH ST  
VALLEJO, CA 94589-2208  
707-644-8667

Tuscon Poop 911  
Heather McGuirre  
1906 E. Kings Avenue  
Phoenix, AZ 85022-62352  
623-879-2482

Orange County POOP 911  
Mike Miller  
12172 Abbey Ct.  
Rancho Cucamonga, CA 91739  
877-766-7911

### CALIFORNIA

Bay Area Poop 911  
Adoria Kante  
1017 Lei Camino Real #272  
Redwood City, CA 94063-4123  
650-201-2882

### COLORADO

Colorado Springs POOP 911  
Jory Long  
2755 Locust St. #220  
Denver, CO 80222-7126  
719-310-6877

Inland Empire Poop 911  
Mike Miller  
12172 Abbey Ct  
Rancho Cucamonga, CA 91739  
877-766-7911

Denver Metro Areal POOP 911  
Jory Long  
2755 Locust St. #220  
Denver, CO 80222-7126  
719-310-6877

LA County POOP 911  
Mike Miller  
12172 Abbey Ct.  
Rancho Cucamonga, CA 91739  
877-766-7911

Fort Collins - Longmont Poop 911  
Jory Long  
2755 Locust St. #220  
Denver, CO 80222-7126  
719-310-6877

Sacramento Poop 911  
Scott Holcomb  
1031 McRae Way  
Roseville, CA 95678-7500  
916-412-9533

Pueblo POOP 911  
Jory Long  
2755 Locust St. #220  
Denver, CO 80222-7126  
719-310-6877

Rocky Mountains Poop 911  
London Thompson  
45 Blackberry Dr.  
Gypsum CO 81637  
720-541-0737

### CONNECTICUT

Freddy Enriques  
14 Pleasant St.  
Norwalk, CT 06855  
203-818-5889

### FLORIDA

Gulf Coast POOP 911  
Mellony Kuester  
3329 Skywagon Drive  
Crestview, FL 32566-7623  
850-361-2841

Orlando Metro Area POOP 911  
Chad and Elaine Wouters  
228 13TH PL SW  
VERO BEACH, FL 32962-6427  
772-359-2114

Tampa POOP 911  
Bryan Taylor  
9009 GOLDEN POND CT  
New Port Richey, FL 34654-4215  
813-842-0909

Tampa Bay Poop 911  
Blake Wanecski  
817 W. Virginia Ave.  
Tampa, FL 33603-4532

Treasure & Space Coast  
Chad and Elaine Wouters  
228 13TH PL SW  
VERO BEACH, FL 32962-6427  
772-359-2114

Ft Lauderdale Metro Area Poop 911  
Chad and Elaine Wouters  
228 13<sup>th</sup> Pl SW  
Vero Beach, Fl 32962-6427  
772-359-2114

Nature Coast Poop 911  
Elizabeth Henderson  
9376 Merriweather Dr.  
Weeki Wachee FL 34613-4227  
813-785-9327

### GEORGIA

Atlanta Metro Area Poop 911  
Chance and Lerisha Bradley  
1557 Creek Bend Lane  
Lawrenceville, GA 30043-7871

### IDAHO

Boise Poop 911  
Michael & Robin Roberts  
5868 S Harrington Way  
Boise, ID 83709-6096  
208-949-1994

### ILLINOIS

Chicago Poop 911  
Joshua Bryan  
730 S CLARK ST  
#1209  
CHICAGO, IL 60605-1743  
312-841-1334

River Bend Poop 911  
Amanda led key  
235 Flora Ave.  
Godfrey, IL 62035  
618-560-4732

### MARYLAND

Northern Maryland POOP 911  
Dan and Kris Knox  
4972 Top Fuel Dr.  
Manchester, MD 21102-2341  
410-960-1618

### MASSACHUSETTS

Boston Poop 911  
Scott Fleming  
90 Nathaniel Dr.  
Whitinsville, MA 01588-1067  
508-517-2352

Kansa

MICHIGAN

Genesee/Oakland/Livingston Poop 911  
Bill Field  
2543 N Duck Lake Rd.  
Highland MI 48356-2454  
248-895-7203

Macomb County Poop 911  
Bill Field  
2543 N. Duck Lake Road  
Highland, MI 48356  
248-895-7203

Wayne County Poop 911  
Bill Field  
2543 N. Duck Lake Road  
Highland, MI 48356  
248-895-7203

Greater Landing Poop 911  
Bill Field  
2543 N. Duck Lake road  
Highland, MI 48356  
248-895-7203

MINNESOTA

MSP Poop 911  
Kelsey Maren  
13196 Gemstone Ct.  
ST. Paul MN 55124-7685  
612-868-7667

MISSOURI

St Charles Poop 911  
Rachel Lawson  
3005 Matlock Drive  
Florissant, MO 63031-1517  
314-757-6818

Poop 911 St Louis  
Chelsea Whitacre  
17 Rex Aire Ct.  
Arnold, MO 63010  
636-222-4800

Southeast Missouri Poop 911  
Floyd Varela  
116 N. Spring St., #11  
Cape Girardeau, MO 63701  
573-987-9051

NEVADA

Las Vegas Metro Area Poop 911  
Ben Franklin  
3516 El Cortez Ave.  
Las Vegas, NV 89102-3916  
702-205-7415

Reno Metro Area Poop 911  
Kai Howard  
965 Cavanaugh Dr.  
-Reno, NV 89509-5383  
775-843-7820

NEW HAMPSHIRE

New Hampshire Poop 911  
David Graffius  
24 Granite Dr.  
North Hampton, NH 03862-4411

NEW JERSEY

Northern New Jersey Poop 911  
Chris Grice  
303 Terrace Pl  
Highland Lakes, NJ 07422-2116  
973-670-6224

NW New Jersey Poop 911  
Joe Miranda  
834 County Road 517  
Vernon Township, NJ 07418  
862-354-1504

Jersey Shore Poop 911  
George Malpass  
807 Old Corlies Ave.  
Neptune, NJ 07

NEW YORK

Buffalo, Niagara Falls Poop 911  
John Matyas  
79 Relich Ave.  
Buffalo, NY 14218-1808  
716-388-6146

Long Island Poop 911  
Michael Miner and Bernices Infantante  
39 Henrietta St.  
Valley  
Stream, NY 11580-3120

Westchester County Poop 911  
Freddy Enriques  
14 Pleasant St  
Norwalk, CT 06855-1013  
203-818-5889

Albany Poop 911  
John & Stephanie Musline  
69 Sloane Avenue  
Amerstamd, NY 12010  
518-844-8508

NORTH CAROLINA

Charlotte Metro Area Poop 911  
Mark Atkins  
8216 Inverary Pl  
Charlotte NC 28226-3621  
980-613-2100

Cape Fear Poop 911  
Gwen Jaworski  
510 N. 7th St.  
Wilmington, NC 28401  
910-409-0216

Poop 911 Winston Salem Foothills  
Derrick Barringer  
3500 Wyo Rd.  
Yadkinville, NC 27055  
336-782-8688

OHIO

Cincinnati Metro Area Poop 911  
Corey and Rachel Lekowitz  
425 Dayton Towers Dr.  
Dayton, OH 45410-1198  
937-242-8269

Cleveland Metro Area Poop 911  
Jay McQuade and Alaina Gurnari  
1515 Cambridge St.  
Natrona Heights, PA 15065-1307  
650-784-6685

Columbus Metro Area Poop 911  
David & Kendra Leonard  
2820 Volunteer Ct.  
Reynoldsburg, OH 43068-3936  
614-578-8210

Dayton Metro Area Poop 911  
Corey and Rachel Lefkowitz  
425 Dayton Towers Dr.  
Dayton, OH 45410-1198  
937-242-8269

OKLAHOMA

Tulsa Metro Area Poop 911  
Claudia Serna  
4716 W. Uniontown St  
Broken Arrow, OK 74012-1223  
918-609-0158

Oklahoma City Metro Area Poop 911  
Roger Abney  
2540 NW 162<sup>nd</sup> Terrace  
Edmond, OK 73013  
405-250-5813

PENNSYLVANIA

Pittsburgh Poop 911  
Jay McQuade and Alaina Gunari  
1515 Cambridge St.  
Natrona Heights, PA  
650-784-6685

Philadelphia Metro Area Poop 911  
Jay McQuade and Alaina Gunari  
1515 Cambridge St.  
Natrona Heights, PA  
650-784-6685

SOUTH CAROLINA

Upstate S. Carolina Poop 911  
Heather Maitland  
1527 West Parker Rd.  
GREENVILLE, SC 29617-2708  
864-361-4033

Columbia Poop 911  
Justin and Mindee Bera  
649 Hamlin Way  
Irmo, SC 29063  
803-415-0354

TENNESSEE

Knoxville Metro Area Poop 911  
Danny and Angelica Finstad  
129 Greystone Dr.  
Oak Ridge, TN 37830-5608  
865-318-0026

Nashville Metro Area Poop 911  
Tierrah Greene  
302 Seven Springs Way #315  
Brentwood, TN 37027-5465

TEXAS

Austin Metro Area Poop 911  
Donnie Stewart  
11226 Pinehurst Dr.  
Austin, TX 78747-1431  
512-573-1934

DFW Poop 911  
Scott Lowe  
1214 Crossvine Dr.  
Anna, TX 75409-0206  
214-842-0880

Central DFW Poop 911  
Armando Chavez  
350 N State Highway 360  
Mansfield, TX 76063-9041  
214-714-4471

Dallas Poop 911 (COMPANY)  
Geoffrey Bodle  
3824 Cedar Springs Rd  
Suite 200  
DALLAS, TX 75219  
214-395-9420

Fort Worth Poop 911  
Bill and Lauren Kelly  
1933 Chiford Lane  
Fort Worth, TX 76131-2144  
918-724-7454

Houston Metro Area Poop 911  
Raymond Beasley  
5022 Adonis Dr.  
Spring, TX 77373-6988  
713-447-0870

San Antonio Poop 911  
Tara Raabe  
3414 Starbend St.  
San Antonio, TX 78217-2857  
210-445-3242

San Marcos Poop 911 Tara Raabe  
3414 Starbend St.  
San Antonio, TX 78217-2857  
210-445-3242

UTAH

Salt Lake City Metro Area Poop 911  
Cliff Sweat  
4571 S. Woodgrove Drive  
West Valley City, UT 84120-5654  
801-809-3272

VIRGINIA

Northern Virginia Poop 911  
Lacy Johnson  
6535 Riefton, CT  
Alexandria, VA 22310-2619  
703-595-7689

North Central Virginia Poop 911  
Barbara and Luis Potes  
250 Hidden Creek Lane  
Warrenton, VA 20186  
703-881-2342

WASHINGTON

Seattle Poop 911  
Steve Howard  
1330 Crystal Ln  
Burlington, WA, 98233-3145  
206-795-7982

WASHINGTON, D.C.

District of Columbia Poop 911  
Lacy Johnson  
6535 Riefton, CT  
Alexandria, VA 22310-2619  
703-595-7689

**EXHIBIT F to Disclosure Document**

**GENERAL RELEASE**

[Representative form- variable according to circumstances]

This General Release is given to Hounds Mounds, Inc. ("Hounds Mounds") by  
\_\_\_\_\_  
("Franchisee").

FOR VALUE RECEIVED and in consideration of the franchise renewal or transfer approved by Hounds Mounds, Franchisee, on behalf of Franchisee and of Franchisee's predecessors, parent company, affiliated entities, successors and assigns, hereby: (a) represents to Hounds Mounds, Inc. ("Hounds Mounds") that Franchisee has no outstanding claims, suits, demands, causes of action or grievances, in any amount or kind, now known or unknown, arising from or in connection with any act, practice, omission or transaction occurring in whole or in part before the date of this Release in relation to or in connection with all matters relating to Hounds Mounds or the Hounds Mounds franchise system in any manner whatsoever, including, but not limited to, all Franchisee's Hounds Mounds franchises (collectively, "Claims"), and (b) releases and discharges Hounds Mounds, Inc., its parent, affiliates, shareholders, predecessors, successors and assigns, and their respective officers, agents, employees, directors and attorneys, from the Claims. Franchisee represents that he/it has carefully and fully read this Release, has had ample opportunity to review it with Franchisee's attorney, and understands its content and consequences.

IN WITNESS WHEREOF, they have executed these General Releases as dated below. These Releases shall be effective as of the date signed by Franchisee.

FRANCHISEE:

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

Its: \_\_\_\_\_

FRANCHISEE'S Controlling Persons:

\_\_\_\_\_, Individually

\_\_\_\_\_, Individually

\_\_\_\_\_, Individually

(Note: If Franchisee is a corporation or other entity, this Release MUST be signed both on behalf of the entity by an authorized officer, AND by each shareholder, member or owner individually with a 10%+ interest in the business entity.)

**EXHIBIT G TO FDD**

**IMPORTANT FRANCHISEE ACKNOWLEDGMENTS**

Before you sign a franchise agreement and pay us any money, we want to be sure that you feel you have had adequate opportunity to review and evaluate all of the information you provided to you regarding the investment in a Poop 911 franchise business. We also want to be certain that we and our officers and employees and agents have fully complied with the applicable franchise laws and provided you only with the information allowed by law and that Hounds Mounds as a company has approved. This will protect both you and us. Before we grant you a franchise and accept payment of the initial franchise fee, please answer fully all questions below and sign and date at the bottom.

1. Did you receive a Franchise Disclosure Document (FDD) containing all exhibits including the franchise agreement and any other contracts to be signed?
  
2. Have you had the FDD for at least 14 full calendar days to review and to consult with business and legal advisors?
  
3. Did you have the franchise agreement fully completed in execution ready form for at least 7 full calendar days?
  
4. As a startup franchisor and as stated in Item 19 of the FDD, Hounds Mounds does not provide financial performance representations (FPR) to prospective franchisees, nor does it authorize any officer, employee or other representatives to do so.
  - A. *Keeping in mind that an FPR is defined as any oral or written or visual representation, including information in the general media that states or implies a specific level or range of actual or potential sales, income, gross profits or net profits, have you at any time received anything you believe would be an FPR?*
  
  - B. Have you received any chart, table, or mathematical calculation showing possible results based on a combination of variables?
  
  - C. If you answered “yes” to A or B above, then please explain who provided the information and exactly what you received when and in what form.
  
5. Are you relying on any promises or statements about the support or assistance that we will provide you that is different from the information in the FDD? \_\_\_\_\_ If so please explain below or on a separate attached page:
  
6. For Maryland franchisees: 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.

You acknowledge and understand that your answers are important and that we will rely on them in granting you a franchise. By signing, right you agree you are representing you have answered the above questions completely and accurately.

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Prospective Franchisee

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Prospective Franchisee

### **STATE EFFECTIVE DATES:**

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

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

<b>For State</b>	<b>Date</b>
California	August 4, 2020
Hawaii	May 31, 2020
Illinois	May 1, 2020
Indiana	Exemption
Maryland	August 24, 2020
Michigan	July 7, 2020
Minnesota	July 21, 2020
New York	September 3, 2020
North Dakota	May 20, 2020
Rhode Island	July 16, 2020
South Dakota	August 26, 2020
Virginia	
Washington	October 8, 2020
Wisconsin	September 7, 2020

**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 Hounds Mounds, Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, its parent or an affiliate in connection with the proposed franchise sale.

(New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 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.)

(Michigan, Oregon and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.)

If Hounds Mounds, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Hounds Mounds, Inc., 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219. 214-395-9420.

The franchise seller for this offering is Geoffrey Bodle, 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219.

**Date of Issuance:** May 13, 2021

I have received a Disclosure Document date May 13, 2021 that included the following Exhibits:

- A List of State Administrators and Agents for Service of Process
- B Financial Statements
- C Franchise Agreement
  - Exhibit A Agreement for the Sale of Receivables
  - Exhibit B Territory
  - Exhibit C Acknowledgment & Representation Regarding Controlling Persons
  - Exhibit D Restrictive Covenant Agreement
- D Operations Manual Table of Contents
- E List of Poop 911™ Operators
- F General Release
- G Important Franchisee Acknowledgments

*Prospective Franchisee*

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

You may return the signed receipt by signing, dating and mailing it to Hounds Mounds, Inc. at 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219.

**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 Hounds Mounds, Inc. offers you a franchise, it must provide this Disclosure Document to you fourteen (14) calendar-days before you sign a binding agreement with, or make a payment to, the franchisor, its parent or an affiliate in connection with the proposed franchise sale.

(New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or 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.)

(Michigan, Oregon and Wisconsin require that we give you this disclosure document at least ten (10) business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.)

If Hounds Mounds, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Hounds Mounds, Inc., 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219. 214-395-9420.

The franchise seller for this offering is Geoffrey Bodle, 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219.

**Date of Issuance:** May 13, 2021

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- B Financial Statements
- C Franchise Agreement
  - Exhibit A Agreement for the Sale of Receivables
  - Exhibit B Territory
  - Exhibit C Acknowledgment & Representation Regarding Controlling Persons
  - Exhibit D Restrictive Covenant Agreement
- D Operations Manual Table of Contents
- E List of Poop 911™ Franchisees
- F General Release
- G Important Franchisee Acknowledgments

*Prospective Franchisee*

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

You may return the signed receipt by signing, dating and mailing it to Hounds Mounds, Inc. at 3824 Cedar Springs Rd., Ste 200, Dallas TX 75219.