

FRANCHISE DISCLOSURE DOCUMENT



THE LASH LOUNGE FRANCHISE, LLC

a Texas limited liability company

2200 Pool Road, Suite 106

Grapevine, Texas 76051

817-442-LASH (5274)

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www.thelashlounge.com

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You will operate an upscale salon featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, as well as makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trade name and trademark THE LASH LOUNGE® (“Salon”). You also may elect to provide permanent makeup services at the Salon including permanent eyeliner, lip liner, and eyebrows.

The total investment necessary to begin operation of a THE LASH LOUNGE® Salon ranges from \$247,500 to \$376,750. This includes the \$35,000 to \$46,000 that must be paid to the franchisor or affiliate. If you are acquiring development rights under our area development program, then you will sign our area development agreement and pay us a development fee equal to \$30,000 for the initial franchise fee for each Salon to be developed under the area development agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Anna Phillips at 2200 Pool Road, Suite 106, Grapevine, Texas 76051 or 817-442-LASH (5274).

The terms of your contract will govern your franchise relationship. Do not 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 accountant.

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

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

Issuance Date: April 18, 2014

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION, LITIGATION, AND/OR ARBITRATION, ONLY IN TARRANT COUNTY, TEXAS. OUT OF STATE MEDIATION, LITIGATION, AND/OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH US IN TEXAS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATES THAT TEXAS LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$247,500 TO \$376,750. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, 2013, WHICH IS (\$291,627).
5. NOTE 6 OF THE NOTES TO THE FINANCIAL STATEMENTS, EXHIBIT E, STATES THE FOLLOWING: THE ABILITY OF THE COMPANY TO CONTINUE AS A GOING CONCERN DEPENDS ON THE SUCCESS OF THE MARKETING PLAN AND RESULTING SALES OF ADDITIONAL FRANCHISES. THE OWNER PLANS TO CONTINUE TO BORROW FROM RELATED PARTIES OR SEEK OUTSIDE FUNDING AS NECESSARY TO FUND CONTINUED OPERATIONS UNTIL ADDITIONAL FRANCHISES ARE SOLD. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file, or exempt from registration in the following state(s) having franchise registration and disclosure laws, with the following effective date(s):

State	Effective Date
California	May 9, 2014
Illinois	April 23, 2014
Indiana	April 22, 2014
Michigan	April 18, 2014
New York	June 9, 2014
Virginia	July 8, 2014
Washington	June 25, 2014

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 18, 2014.

MICHIGAN NOTICE

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

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

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

Any questions concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE DISCLOSURE DOCUMENT**

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STATE SPECIFIC ADDENDA

Exhibits

- Exhibit A – Franchise Agreement and all Attachments
- Exhibit B – Area Development Agreement and all Attachments
- Exhibit C – General Release (Sample Form Only)
- Exhibit D – Table of Contents of Confidential Operations Manual
- Exhibit E – Financial Statements
- Exhibit F – List of Current and Former Franchisees
- Exhibit G – List of State Administrators and Agents for Service of Process
- Exhibit H – Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we”, “us” or “our” means The Lash Lounge Franchise, LLC, the franchisor. “You” means the business entity, person or persons who sign the Franchise Agreement, the franchisee. If the franchisee is a corporation, limited liability company, or other entity, the term “you” does not include the entity’s principals unless otherwise stated.

The Franchisor, and Any Parents, Predecessors and Affiliates

We are a Texas limited liability company formed on September 2, 2009, and only do business under our corporate name. Our principal business address is 2200 Pool Road, Suite 106, Grapevine, Texas 76051. Our agents for service of process are listed in Exhibit G of this Disclosure Document.

We have been offering franchises of the type described in this Disclosure Document since March 2010, and have never offered franchises or licenses in any other line of business. We have no parent company nor any predecessors. We do not engage in any other business activities.

Our affiliate, AP Dreamworks, LLC, a Texas limited liability company, was formed on January 9, 2006 (“APD”) and shares our principal business address. APD opened the first THE LASH LOUNGE® Salon in Colleyville, Texas in August 2006, and subsequently opened a second location in Plano, Texas in October 2007. In March 2010, APD entered into two Franchise Agreements with us, one for each Salon location, for the purpose of operating the Salons in accordance with the franchise System. APD has never offered franchises in any line of business.

Our affiliate, The Lash Lounge Products, LLC, a Texas limited liability company formed on February 19, 2010 (“TLLP”), provides an exclusive line of cosmetics and skin care products to Salons under the trademark “THE LASH LOUNGE” as well as backbar supplies including lashes, glue, and certain tools. You will be required to maintain a minimum level of inventory from TLLP. TLLP has never offered franchises in any line of business.

The Franchise Offered

We grant franchises for the operation of upscale salons (“Salon”) featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, as well as makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trade name and trademark THE LASH LOUNGE® and other trademarks, service marks, logos and catch phrases (“Marks”). You may also elect to provide permanent makeup services at the Salon including permanent eyeliner, lip liner, and eyebrows.

Our proprietary business format and system (“System”) includes distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, our proprietary products, operation, and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a THE LASH LOUNGE® Salon, all of which we may change, improve, and further develop (collectively, our “Standards”).

A typical Salon is located in or adjacent to a major shopping mall, outlet mall, retail strip mall or shopping center, or, in the alternative, in an urban storefront, and ranges between 1,500 to 1,800 square feet. You will operate the Salon according to our standard franchise agreement (see Exhibit A) and our Standards, specifications, policies and procedures which will be communicated to you via our confidential operations manuals and other written directives (collectively, our “Manuals”).

If we approve your application to develop multiple Salons, you will sign our current Area Development Agreement (see Exhibit B) for the development of a minimum number of three Salons. The Area

Development Agreement will state the total number of Salons to be developed and will establish a development timetable (the “Development Schedule”). Each Salon developed under the Area Development Agreement will operate according to a separate Franchise Agreement. Your first Salon will operate according to the terms of our current Franchise Agreement (see Exhibit A). Your second Salon and each additional Salon developed under the Area Development Agreement will operate according to the terms of the Franchise Agreement then being offered to new franchisees, which may be materially different than our current Franchise Agreement.

Market and Competition

You will sell products and provide services that are part of THE LASH LOUNGE® standard portfolio and which appeal to fashion conscious women of all ages, but primarily within the 30 to 50 age range.

The semi-permanent and temporary eyelash extension and permanent makeup market is an emerging industry. You will compete with various established national and local semi-permanent and temporary eyelash extension makeup businesses as well as businesses offering skin care and general day spa services. THE LASH LOUNGE® Salon sales may be partially seasonal with higher sales during the holiday months and the traditional spring and summer wedding seasons.

Special Industry Regulation

A number of states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Salon, including those which (1) establish licensing and certification requirements for businesses in general, (2) establish general standards, specifications and requirements for the construction, design and maintenance of the Salon location; (3) establish licensing and certification requirements for technicians (such as requirements that technicians be a certified health professional, licensed as either an esthetician, cosmetologist, or nurse), (4) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for salons; (5) set standards pertaining to employee health and safety; (6) set standards and requirements for fire safety and general emergency preparedness, and (7) regulate the proper use, storage and disposal of waste and other hazardous materials. We recommend you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise.

It is important to note that most states require technicians who provide permanent makeup services be a certified health professional, licensed as either an esthetician, cosmetologist, or nurse. In addition, some states impose a similar minimum certification or license requirement on technicians who apply eyelash extensions. It is your responsibility to thoroughly investigate which regulations and/or licensing requirements your state imposes.

ITEM 2 BUSINESS EXPERIENCE

President and Chief Executive Officer: Anna Phillips

Ms. Phillips founded the THE LASH LOUNGE® concept in August 2006. She has served as our Chief Executive Officer and President since our inception in September 2009. Ms. Phillips has served as the Chief Executive Officer and President of The Lash Lounge Products, LLC since its inception in 2010. She has served as President of AP Dreamworks, LLC since its inception in 2006. She was the sole proprietor of Rejuvenate Spa, a day spa business located in Grapevine, Texas, from November 2003 to July 2006.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

When you sign the Franchise Agreement, you will pay us an Initial Franchise Fee. Your Initial Franchise Fee for a single Salon is \$40,000. If you purchase three or more THE LASH LOUNGE Salons, however, you will pay us a reduced Initial Franchise Fee of \$30,000 for each Salon. The Initial Franchise Fee is uniform for all franchisees and is considered fully earned and nonrefundable upon payment.

Development Fee

If we grant you multi-unit development rights, for a minimum of three THE LASH LOUNGE Salons, you will sign our current Area Development Agreement and pay us a nonrefundable Development Fee equal to the total Initial Franchise Fee for each Salon to be developed under the Area Development Agreement. The calculation of the Development Fee is uniform for all developers.

Initial Cosmetic Inventory Package

Approximately 60 days prior to opening the Salon, you will pay TLLP the cost to purchase your initial inventory of our private label cosmetics and skin care products. The purchase price of this inventory will range from \$4,500 to \$5,500, plus applicable shipping costs, depending on the quantity and mix of product necessary to meet your customer demand. This payment is uniform for all franchisees and is considered fully earned upon payment; however, if for any reason the Salon does not open (other than in the event the parties mutually agree to extend the originally established Opening Date), TLLP will refund this fee to you subject to its receipt of the unopened, undamaged, complete inventory; otherwise the fee is not refundable.

Microsite and Social Media Page Creation and Customization

When you sign the Franchise Agreement, you will pay us \$500 for the creation of a microsite webpage for your Salon. Your Salon’s microsite can be reached through our corporate website and will have information specific to your Salon including operating hours and links to your social media portals. This initial amount is also applied to the establishment of the Salon’s customized social media pages. This payment is uniform for all franchisees and is considered fully earned upon payment; however, if for any reason the Salon does not open (other than in the event the parties mutually agree to extended the originally established Opening Date), we will refund any unused portion of this fee to you.

**ITEM 6
OTHER FEES**

Franchise Agreement

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	Months one through six: 6% of Gross Revenue per month, no minimum Months seven through 12: the greater of 6% of Gross Revenue or \$1,000 per month	Monthly, currently the 5 th of the month	The first month may be either a full or partial calendar month, depending on what day the Salon opens for business. See Note 2 for the definition of Gross Revenue.

Type of Fee ¹	Amount	Due Date	Remarks
	Months 13 through the end of the Term: the greater of 6% of Gross Revenue or \$1,500 per month		
Marketing Fee	Up to 2% of Gross Revenue; currently, we collect only 1% of Gross Revenue	Monthly, currently the 15 th of the month	See Item 11.
Local Advertising	At least \$2,000 per month during first 12 full months of operation; Afterwards, at least \$1,000 per month	Monthly local advertising requirement must be spent before the end of each month	You must spend the required minimum expenditure amount per month in your local market to promote the Salon. See Item 11.
Cooperative Advertising	At least \$1,000 per month, when established	Monthly, currently the 5 th of the month	If we require you to participate in an established cooperative advertising campaign for your market area, your \$1,000 minimum monthly cooperative contribution will satisfy your local advertising requirement once the Salon is open at least 12 full months.
Salon Opening Assistance	\$300 per day for each individual providing assistance, plus reimbursement of our travel, lodging and dining costs.	Before assistance	We will provide five days of initial Salon opening assistance to you at no cost. However, should you request, and we agree to provide, Salon opening assistance beyond the required five days this fee will apply.
Ongoing Assistance	\$300 per day for each individual providing assistance, plus reimbursement of our travel, lodging and dining costs.	Before assistance	The \$300 per day fee is payable to us before we send our personnel to your Salon. We are not required to provide more than seven days of additional on-site training assistance within any rolling 12 month period.
Mandatory On-Site Training	\$300 per day for each individual providing such mandatory on-site training, plus reimbursement of our travel, lodging and dining	Before training	We may, at our option, send our personnel to your Salon to provide mandatory training if you have failed two consecutive quality inspections or, for a continuous four-month period,

Type of Fee ¹	Amount	Due Date	Remarks
	costs.		the Salon does not generate enough Gross Revenue to allow you to pay more than the minimum Royalty Fee.
Additional Training and Seminars	Varies with circumstances	Before training or seminar	We do not charge for our additional mandatory training and/or seminars; however you will be responsible for all costs related to travel, lodging, and dining.
Continuing Education Requirements	Varies with circumstances	Upon demand	See Note 3.
System Social Media and Online Presence Fee	Currently, \$60 per year	Yearly	To be paid in the same manner as the Royalty Fee and on such date we designate. This fee applies to development, support, review, maintenance, and/or administration services related to the online presence of System salons, including social media pages and website presence.
Technology Fee	Currently, \$100 per month per Salon	Monthly, currently the 5 th of the month	For use of our online systems, e-mail, data sharing, and other internet-related functions. We reserve the right to increase this fee. To be paid in the same manner and time frame as the Royalty Fee. See Item 11.
Supplier Approval Fee	Cost of inspection	Upon demand	You may recommend suppliers to us at any time, however you must pay our reasonable costs and expenses if you request us to inspect and evaluate a proposed supplier.
Transfer Fee	Up to 50% of our then-current Initial Franchise Fee, plus our related attorneys' fees	Before transfer	We do not charge a fee if the transfer of the franchised business is from an individual to a business entity for convenience of operation, however, you must reimburse us for our related costs and expenditures. We will charge you \$2,500 if you or your Owners are transferring part, but not all, of their respective interest in the franchisee. If the transfer results

Type of Fee ¹	Amount	Due Date	Remarks
			<p>in additional required training, you will be responsible for paying our then-current tuition for such training as well as travel, lodging, and dining expenses.</p> <p>We will charge you 50% of our then-current Initial Franchise Fee, plus our related attorneys' fees, if the franchisee is assigning all of its interest in the franchise agreement and transfers all or substantially all of the assets of the franchised business.</p> <p>See Item 17 for more information about restrictions and conditions of transfers.</p>
Extended Term Fee	\$1,000 per year added to remaining term assumed by transferee (not to exceed an initial term of 10 years)	When transferee signs their franchise agreement	<p>Upon transfer, transferee must assume the remaining term on your franchise agreement and may, at their option, purchase additional years for the Extended Term Fee, not to exceed an initial term of 10 years.</p> <p>See Item 17 for more information regarding transfers.</p>
Renewal Fee	An amount equal to 50% of our then-current initial franchise fee	When you sign the new franchise agreement	See Item 17 for more information regarding renewal
Audit	Amount disclosed in the audit, plus our costs to conduct the audit	Upon demand	If an audit discloses an underpayment of the Royalty Fee due to us of 2% more, you must pay us the amount in error plus our costs and expenses for the audit.
Late Charges	18% per year or the highest amount allowed by law, whichever is less, calculated weekly.	Upon demand	Payable only if any sums due us are not paid promptly when due.
Charge for Nonpayment Due to "Insufficient Funds"	\$50 (which we can increase annually by an amount not to exceed 10% of our previously-	Upon demand	Payable only if any check, draft, electronic or other payment is unpaid because of insufficient funds or otherwise.

Type of Fee ¹	Amount	Due Date	Remarks
	published fee) plus reimbursement of our costs and expenses from your non-payment.		
Private or Public Offer of Securities	Our costs and expenses associated with reviewing the proposed offer	Before the offering	No offering shall imply in any manner whatsoever that we are participating in an underwriting, issuance, or offering of your securities.
Costs and Attorneys' Fees	Actual fees incurred	Payable as incurred	You must reimburse us for our expenses in enforcing or terminating the Agreements.
Indemnification	Amount of loss suffered	Upon demand	You must reimburse and pay our attorneys' fees and related costs if we are held liable for claims from your operation of the Salon.
Holdover Amounts	125% of Royalty Fee and Marketing Fee	Monthly	Due if you continue operating the Salon after your Franchise Agreement expires.

Area Development Agreement

Type of Fee	Amount	Due Date	Remarks
Assignment of Franchise Rights	\$2,500	Before you sign the Franchise Agreement	Payable only if you assign your right to enter into a franchise agreement to an affiliated entity.
Transfer Fee (payable if you are an individual transferring to a business entity for convenience of operations)	\$1,000	With transfer application	See Item 17 for more information about conditions on transfer.
Transfer Fee (payable if your Owners are transferring among themselves or transferring a minority ownership interest to one or more third parties)	\$2,500	With transfer application	See Item 17 for more information about restrictions and conditions of transfer.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee (payable if you are assigning your interest in the Development Agreement, transferring all or substantially all of the assets of any developed Salon, or your Owners are transferring a controlling interest)	\$20,000 plus reimbursement of our out-of-pocket costs, including reasonable attorneys' fees	Before transfer	See Item 17 for more information about restrictions and conditions of transfer.

Notes:

Note 1. All fees are payable to us and are uniformly imposed and non-refundable.

Note 2. "Gross Revenue" means the aggregate of: (1) all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a THE LASH LOUNGE® Salon; (2) all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and (3) business interruption insurance proceeds. Gross Revenue does not include: (a) the exchange of merchandise between THE LASH LOUNGE® Salons (if you operate multiple Salons) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; (b) returns to shippers, vendors, or manufacturers; (c) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (d) cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (e) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (i) added to the selling price or absorbed therein and (ii) paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

Note 3. Each of your technicians must comply with our annual six hour continuing education requirement. For certain technicians, the state in which they are licensed or certified may already mandate certain continuing education requirements. Completion of those state mandated requirements will substitute for our own annual requirement as long as the minimum six hours is met. However, if your state does not have any continuing education requirements, or does not require a minimum of six hours annually, your technicians must attend one or more of our continuing education seminars to complete this requirement. We do not charge a fee for our continuing education seminars; however you will be responsible for all related travel, lodging, and dining costs for your technicians to attend. While continuing education classes will likely be conducted at our headquarters in Texas, we may also offer such training through the internet via video lessons or webinars and/or telephone conferences.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

TYPE OF EXPENDITURE	AMOUNT ⁸	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$30,000 - \$40,000	Lump sum	When Franchise Agreement is signed	Us
Lease Payments (3 months) Plus Security Deposit (1 month) ^{1,8}	\$15,000 - \$30,000	As arranged	As incurred	Landlord
Leasehold Improvements ²	\$97,500 - \$162,000	As arranged	As required	Contractors and third party suppliers
Salon Layout, Furniture, Fixtures, Décor, and Equipment ³	\$50,750 - \$55,750	As arranged	As required	Approved Suppliers
Architect, Engineer, Drawings	\$2,500 - \$5,000	As arranged	As incurred	Your architect and engineer
Initial Supplies ⁴	\$9,500 - \$12,000	As arranged	As incurred	Approved suppliers
Signage	\$3,000 - \$6,000	As arranged	As incurred	Approved suppliers
Point of Sale (“POS”) Register, Hardware, Software ⁵	\$7,000 - \$9,500	As arranged	As incurred	Approved suppliers
Microsite and Social Media Page Creation and Customization ⁶	\$500	Lump sum	When Franchise Agreement is signed	Us
Pre-opening training expenses (per person) ⁷	\$500 - \$1,500	As arranged	Before opening	Third party suppliers of transportation, food and lodging for you and your employees
Telephone and Utility Deposits and Expenses ⁸	\$250 - \$500	As arranged	As incurred	Third party suppliers
Initial Cosmetic Inventory Package ⁶	\$4,500 to \$5,500	As arranged	As incurred	TLLP, our affiliate, and Designated Suppliers

TYPE OF EXPENDITURE	AMOUNT⁸	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Boutique Inventory	\$3,000 to \$5,000	As arranged	As incurred	Us and Approved Suppliers
Grand Opening Expenditure	\$5,000	As arranged	As incurred	Approved suppliers
Business Licenses, Permits, etc. (first year)	\$500 - \$1,500	As agencies require	As agencies require	Applicable agencies
Insurance Deposits and Premiums (first year)	\$2,000 - \$4,000	As agent requires	Before opening	Insurance carriers
Professional Fees (first year)	\$1,000 - \$3,000	As arranged	As incurred	Your accountant, attorney, and other professionals
Additional Funds (three months) ⁹	\$15,000 - \$30,000	As arranged	As incurred	Various
Grand Total ¹⁰	\$247,500 - \$376,750			

Area Development Agreement

TYPE OF EXPENDITURE	AMOUNT⁸	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$30,000 for each Salon to be developed	Lump sum	When you sign the Area Development Agreement	Us
Grand Total	\$30,000 for each Salon to be developed			

Notes:

Note 1. We reserve the right to approve the location of your Salon, and you must construct, remodel, alter and improve the location to our specifications. These figures assume that your location will be a leased, unimproved, unfinished retail store-type unit. A typical Salon will be located inside of or adjacent to a retail strip mall or shopping center, or, in the alternative, in urban storefronts. The size of a typical location will range from 1,500 to 1,800 square feet, and should cost between \$2.50 to \$4.17 per square foot per month, depending upon factors such as size, condition of premises, and location. Monthly lease payments usually range from \$3,750 to \$7,500.

Note 2. Construction and remodeling costs vary widely, depending upon the location, design, configuration and condition of the premises, the condition and configuration of existing services, and facilities such as air conditioning, electrical and plumbing, and the terms of your lease. The figures in the chart include a general contractor's fee (generally equal to 10% to 15% of total construction costs), contractor's insurance, materials and supplies, tools, labor and subcontractor fees, and other costs to construct leasehold improvements conforming to our standards. The range in the above chart does not

include any tenant improvement allowance that may be negotiated with your landlord. Based on our and our franchisees' experience such tenant improvement allowance can range between \$30,000 to \$80,000.

Note 3. Furniture, fixtures and equipment also include all interior design elements, and interior signage. If any special or additional equipment or fixtures is needed to provide salon services you must acquire that equipment or fixture, the cost of which may be significant. This range also includes our supplier's fee for your salon layout design.

Note 4. The initial supplies accounted for in this range include all start-up supplies including office, backbar, retail, and business supplies (such as stationery, business cards, brochures, and other print materials) and other general supplies.

Note 5. This range includes the estimated \$500 to \$1,000 that will be paid to our designated supplier for QuickBooks and other accounting software and installation, our customized chart of accounts, a customized manual, and up to five hours of remote training. The remaining amount in the range above, from \$7,000 to \$9,000, applies toward the cost of all other computer system software and hardware we require, including firewall requirements, point of sale terminals, cash drawer, Salon Software Enterprises licenses, server license, and point of sale management software.

Note 6. If for any reason your Salon does not open (other than in the event the parties mutually agree to extend the originally established Opening Date), we will refund the amounts paid for the creation of the Salon's microsite and social media page. Our affiliate, TLLP, may refund the purchase amount for the Initial Cosmetic Inventory Package upon its receipt of the unopened, undamaged, complete inventory; otherwise the inventory fee is not refundable.

Note 7. You must make arrangements for, and pay the expenses of, each individual who attends our initial training program. Such expenses will include transportation, lodging, meals, and wages. The amount expended will depend, in part, on the distance you must travel and the type of accommodation you choose. The figures in the chart represent the estimated cost for two individuals to attend our initial training program. We currently charge a \$300 per person tuition fee for the third and each subsequent attendee you send to our initial training program.

Note 8. Security deposits are generally required by utility providers, the landlord, and equipment lessors. Amounts will vary depending on utility provider policies, provisions of various leases, and your credit rating.

Note 9. These estimates do not include managerial salaries or any payment to you. These estimates also do not take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed. These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. However, we cannot guarantee that those amounts will be sufficient. Additional working capital may be required if sales are low or fixed costs are high. We relied on our founder's and franchisees' operating experience in compiling these working capital estimates.

Note 10. Your costs will depend on your management skill, experience, and business acumen; local economic conditions; union labor; the real estate market; the prevailing wage rate; competition; and your Salon's sales during the initial period. All amounts are non-refundable unless otherwise noted.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Approved or Designated Suppliers

Salon Supplies

You must purchase from TLLP, us, or from our designated suppliers, all products and supplies needed to provide Salon services including eyelash extensions, glue, eye pads, eyelash coloring and design

products, and, if applicable, permanent makeup pigments and products. Currently, the supplier of such products and supplies is TLLP.

Salon Products and Retail Boutique Inventory

You must also purchase from us or from designated suppliers all retail boutique inventory items including clothing, gift items, makeup accessories, and private label cosmetics and skin care lines. Additional purchases you must make from us or from designated suppliers include any products or materials developed by or for us and/or which bear our trademarks (“Proprietary Products”). Included among our Proprietary Product is our private label cosmetics and skin care line (“Private Label Products”) which you must also purchase from our affiliate, TLLP. You must purchase and maintain an inventory of our Proprietary Products as needed to meet the Salon’s reasonably anticipated consumer demand. You must also maintain a minimum level of inventory of clothing, gift items, and makeup accessories to sell in the Salon’s boutique. You must purchase these items from us or our designated suppliers. You must purchase all products and materials which bear any of our trademarks solely and exclusively from us, our affiliates, or from a producer, manufacturer, distributor or supplier we designate or approve.

If you purchase any items from us or our affiliates, we may derive profits from these purchases. Except for those affiliates of ours that provide certain products and/or services to you, including TLLP, none of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers of THE LASH LOUNGE® franchise system. Occasionally, our officers may own non-material interests in publicly-held companies that may be suppliers to our franchise system.

Salon Layout Design and Fixtures, Furniture, and Additional Materials, Supplies, and Products

You will engage our designated supplier for the layout design of your Salon. This same supplier will also serve as your supplier for much of the Salon’s furniture and fixtures. In general, we may designate suppliers from whom you will be required to purchase certain non-proprietary fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Proprietary Products, which you may or must use or sell at or through the Franchised Business. You may use, offer or sell only those non-proprietary products that we expressly authorize and you may purchase them from (i) us or our affiliates, (ii) suppliers we designate, or (iii) suppliers you select that we approve in advance in writing.

Computer System

You must purchase the POS computer hardware and software system from our approved suppliers. See Item 11 for more information about computer hardware and software requirements.

Supplier Approval

We will provide you with our Manual and various supplemental bulletins and notices that will contain the specifications, standards, and restrictions on your purchase of products and services. Upon request, we will furnish to you an approved list of suppliers which we may update periodically.

If you desire to purchase products from a supplier other than our approved suppliers, you must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require, or will request the supplier itself to do so. We may inspect and evaluate the supplier’s facilities and products before we approve or disapprove your proposed supplier, and you must pay all of our reasonable costs and expenses incurred in doing so. You may not use a supplier before you receive our written approval. A supplier must demonstrate to our reasonable satisfaction that it can supply an item meeting our standards and specifications for the item, that it is in good financial standing in the business community and that its products and services are reliable. We will provide you with our specifications and standards and our criteria for approval of suppliers and will approve or disapprove a proposed supplier in 60 to 90 days. We will notify you if and

when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards and specifications to maintain its approval.

Except as stated in this disclosure document, you are not obligated to purchase from a particular approved supplier, but must use specific brands of equipment, and in some situations certain comparable brands of equipment may be acceptable, subject to our prior written approval.

Franchised Location and Lease

You must acquire a site for your Salon that meets our site selection criteria and that we approve. If you occupy the Salon according to a commercial lease, the lease must contain terms that we specify. (See Lease Addendum attached as Attachment F to the Franchise Agreement).

You must construct, equip, and improve the Salon in compliance with our current design standards and trade dress. You must purchase and install, at your expense, all millwork and customized fixtures, furnishings, equipment (including a point-of-sale cash register system), décor, and signs from our approved third party suppliers.

Insurance

You must obtain and maintain insurance policies protecting you, and us as additional insured, on a primary non-contributory basis. The additional insured should be listed on the certificate as follows: The Lash Lounge Franchise, LLC, and its officers, managers, members, partners, shareholders, regional directors, subsidiaries and affiliates, agents and employees; and it must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to us). The policy must contain a waiver of all subrogation rights against us, our affiliates, and their successors and assigns, and must provide for 30 days' prior written notice to us of any material modifications, cancellations, or expirations. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which the Salon is located and must have an A.M. Best rating of "A" or higher.

These policies must include the coverage that we require, which currently includes: (a) "all risk" or "special" property insurance covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, (b) comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits: \$1,000,000 per occurrence, \$1,000,000 personal and advertising injury, \$1,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; (c) automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit, (d) employment practices liability coverage with a limit of \$500,000 per occurrence and in the aggregate, (e) professional liability insurance for all state-licensed beauty or health professionals with minimum coverage of \$1,000,000 per occurrence, (f) workers' compensation insurance for statutory limits, (g) employer's liability insurance in an amount not less than \$1,000,000, and (h) any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending our training programs.

At least 10 days before you are required to carry insurance, and after that at least 30 days before the expiration of any policy, you must deliver to us certificates of insurance evidencing the proper types and minimum amounts of required coverage, and evidence of the additional insured and waiver requirements. If you fail to maintain the required insurance, we or our designee may obtain the insurance for you and charge and demand reimbursement of the premium costs and costs of acquiring the insurance. Each year we may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

We may periodically increase the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

Revenue Derived from Franchisee Purchases and Leases

We will derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us, or our affiliates. During our fiscal year ending December 31, 2013, we received no revenues as a result of franchisee purchases or lease. During its fiscal year ending December 31, 2013, TLLP derived \$177,447 in revenue from franchisee purchases.

Estimated Proportion of Required Purchases and Leases to all Purchases and Leases

We estimate that substantially all of your expenditures for leases and purchases in establishing your Franchised Business and approximately 30% to 35% of your total annual operating expenses on an ongoing basis will be for goods and services which are subject to sourcing restrictions (that is, for which suppliers must be approved by us, or which must meet our standards or specifications).

Description of Purchasing Cooperatives; Purchasing Arrangements

We may negotiate purchase arrangements with primary suppliers for the benefit of franchisees. If we negotiate a purchase agreement for the region where your Salon is located, you must participate in the purchasing program. Presently there are no purchasing or distribution cooperatives in existence for the franchise system.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

These tables list your principal obligations under the franchise and other agreements. They will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.1. and 3.3.	Items 8 and 11
b. Pre-opening purchases/leases	Sections 3.4., 6.5., 6.6., and 10.1.	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 3.2., 3.4., 5.1. and 5.2.	Items 7, 8 and 11
d. Initial and ongoing training	Sections 5.1., 5.3., 5.5., 5.6., 5.7., and 5.8.	Items 6 and 11
e. Opening	Sections 3.5. and 5.2.	Item 11
f. Fees	Sections 4.1., 4.2., 4.3., 4.4, 4.9., 4.10., 9.2., 9.3., 9.4., 12.3., and 12.4.	Items 5, 6, 8 and 11

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
g. Compliance with standards and policies/ Operating Manual	Article 8	Item 8, 11, 14 and 16
h. Trademarks and proprietary information	Article 7	Items 11, 13 and 14
i. Restrictions on products/services offered	Sections 6.4., 6.5., 6.6., 6.7., and 6.8.	Items 8 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Item 12
l. Ongoing product/service purchases	Sections 6.5., 6.6. and 8.2.	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 6.7. and 6.10.	Items 7, 8 and 11
n. Insurance	Section 11.2.	Item 7 and 8
o. Advertising	Article 9	Items 6 and 11
p. Indemnification	Section 11.3.	Items 6 and 12
q. Owner's participation/ management/staffing	Sections 6.2., and 6.3.	Item 15
r. Records and reports	Sections 10.4, 10.5, and 10.6.	Item 6
s. Inspections and audits	Section 10.7.	Items 6 and 11
t. Transfer	Article 12	Items 6 and 17
u. Renewal	Section 2.2.	Items 6 and 17
v. Post-termination obligations	Article 14	Items 6 and 17
w. Non-competition covenants	Article 15	Item 17
x. Dispute resolution	Article 19	Item 17

Obligation	Section(s) in Franchise Agreement	Disclosure Document Item
y. Guaranty	Section 18.6.	Item 15

**ITEM 10
FINANCING**

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

**ITEM 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING
Except as listed below, we are not required to provide you with any assistance.**

Pre-opening Obligations.

Before you open the Salon for business:

1. We will approve the Site Selection Area in which you may locate your Salon before you sign the Franchise Agreement, and we will approve or refuse to approve the specific Salon site within 30 days of receiving all requested information. (Franchise Agreement, Section 3.2.)
2. We will admit two individuals to our initial training program, described below. You will pay a fee for any additional attendees. (Franchise Agreement, Section 5.1.)
3. We will, at our cost, provide one trainer for five days of on-site Salon opening assistance. (Franchise Agreement, Section 5.2.)
4. We will loan you one copy of our Manuals. (Franchise Agreement, Section 8.1.) The Table of Contents of our Confidential Operations Manual is attached to this disclosure document as Exhibit D. Our Manual contains 195 pages.
5. We will provide such pre-opening consultation and advice as we deem appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, and such other matters as we deem appropriate. (Franchise Agreement, Section 5.4.)
6. We or our designated supplier will create a microsite to our corporate website and customized social media accounts and pages for your use in connection with the Salon. (Franchise Agreement, Section 7.5.2.)
7. We will assist you in creating a grand opening advertising and promotional strategy to promote the opening of the Salon. (Franchise Agreement, Section 9.2.).

Continuing Obligations.

During the operation of the Franchised Business:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include information about new service and product development, instruction concerning the operation and management of the Salon, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.5.)
2. We will communicate to you information about our approved and designated suppliers. (Franchise Agreement, Section 6.6.)

Advertising

Our advertising program for the products and services offered by THE LASH LOUNGE® Salons currently consists of Internet and radio advertising in certain targeted markets, as well as dissemination of coupons and promotional materials through networking at the local, regional, and national level. Our advertising materials currently are created in-house and with the help of an outside advertising agency. You will have access to all of our marketing and advertising templates through our Intranet website. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below.

We must approve all of your promotional and marketing materials before you use them. To obtain approval, you must submit to us samples of the proposed materials and notify us of the intended media. We will use good faith efforts to approve or disapprove your materials within 15 days from the date we receive them. You may not use the materials until they are expressly approved by us, and we have the right to disapprove materials that we have previously approved. We must also approve all of your promotional and marketing programs, events, and all other related activities before their implementation. To obtain approval, you must submit a detailed outline of all proposed promotional and marketing activities, as well as all other information we may reasonably request. Once we have received the requested information we will use good faith efforts to approve or disapprove your proposed promotional activities within 15 days.

Grand Opening Expenditure

You must spend at least \$5,000 to promote your Salon's grand opening. We anticipate that this amount will be spent during the period beginning four months before the Salon opens through your second full month in operation. We will assist you in creating a marketing and promotional strategy for the launch of your Salon and all expenditure amounts related to the launch must be approved by us in advance. We may request that you provide us with proof of expenditures. This grand opening expenditure amount is in addition to the local advertising requirement.

Marketing Fee

We do not require that you contribute to an advertising fund. As described in Item 6, however, we may impose and collect up to 2% of Gross Revenue as a Marketing Fee which compensates us for certain marketing and promotional activities such as the creation and production of promotional materials. Currently, however, we collect only 1% of Gross Revenue as a Marketing Fee. While we have no contractual obligation to do so, it is our intent to spend Marketing Fee monies, or an equivalent amount, on regional and national brand development. We do not guarantee that you will benefit from the Marketing Fee in proportion to your Marketing Fee payments.

Marketing Fee monies will not be held in a trust or escrow account, nor do we have any contractual obligation to account for Marketing Fee monies separately, and we will not have any fiduciary obligations to you with respect to the Marketing Fee. We will determine the use of the Marketing Fee monies and we need not provide you with a periodic accounting on how Marketing Fee monies are spent. If Marketing Fee monies are not spent in the fiscal year in which they accrue then, as these amounts are general operating funds, we may spend such monies as we deem appropriate. We will not be required to spend any particular amount on marketing, advertising, or promotion in your Salon's market area, nor any pro rata amount based upon your Marketing Fee payment. To date, we have not used Marketing Fee amounts to solicit new franchise sales.

Local Advertising

During the term of the Franchise Agreement, you must spend a minimum of \$2,000 per month during the first 12 full months of the Salon's operation on approved marketing and promotional activities in your market area. This amount is in addition to the Grand Opening Advertising expenditure amount. After the

first 12 full months of operation you must spend a minimum of \$1,000 per month to promote the Salon in your market area. At least 30 days prior to the beginning of each calendar quarter, you must provide us with a copy of your pending quarterly advertising campaign and budget for our review and approval. Within 30 days following each calendar quarter you must provide us with such documentation we deem necessary to confirm the required expenditures have been spent.

If you fail to meet the minimum spending requirement, we may, upon your receipt of our written notice (and on a going forward basis) deduct the required local advertising expenditure amount each month from your account which we will spend on your behalf to promote the Salon in your market area. We will continue this process until such time as we may determine, in our sole discretion, that you can reassume this obligation on your own behalf.

Advertising Cooperative or Advertising Council

We may, in our sole discretion, elect to form an advertising cooperative and/or advertising council for the benefit of the franchise system. If advertising cooperatives or councils are formed, we will retain the right to change, dissolve or merge any such cooperative or council, in our sole discretion. As of the date of this disclosure document we have not established any advertising cooperative or council, however, when applicable, the terms of the Franchise Agreement require you to participate in any such advertising cooperative or council as directed by us.

Computer Systems

You must purchase, install and maintain the electronic point of sale computer systems that we designate to record sales and transaction data (such as appointment time, item or service ordered, price, and date of sale) as well as data related to Salon operations (the "Computer System"). You will use the Computer System as a cash register system, a customer data system, an inventory system, an employee payroll and time maintenance system, a daily sales reporting system, and an accounting system.

You must connect the Computer System to a telephone line, a DSL line, or other communications channel capable of accessing the Internet via a third party network. We also require that you purchase our required firewall/router to create a network for your Salon's computers and to grant us, and other designated third parties such as QuickBooks and Qvinci, remote access your Computer System. Updates or replacement of the Computer System, both hardware and/or software, may be required. There is no contractual limitation on the frequency or cost of these obligations. We will have the right to independently access all information and financial data recorded by the system for daily polling, audit and sales verification. There are no contractual limitations to our right to access the information and data recorded by your system.

The approximate cost to purchase the Computer System, computer software and hardware is \$7,000 to \$9,500, which include the first year of license and maintenance fees as described below. You must purchase both the required hardware and software from our designated and approved suppliers.

Our designated supplier will grant you a license to use the Computer System software in connection with your operation and management of the Franchised Business (the "Software License"). The current annual Software License fee is \$360. In addition, you will be required to sign a computer maintenance agreement with the manufacturer of the Computer System and pay annual service fees of \$360 per year which provides you with 25 hours of technical support. You are responsible for any additional costs related to technical support in excess of 25 hours per year. You are also responsible for any other costs imposed by the provider on a monthly, quarterly or annual basis

No later than 30 days before the Salon's Opening Date, you must purchase our accounting software package, ranging from \$500 to \$1,000 from our designated supplier. This amount will include our required version of QuickBooks software, additional accounting software (which integrates with QuickBooks), and our customized chart of account. This amount also includes our customized manual

and up to five hours of remote training provided by our designated supplier. There is currently an ongoing \$45 month hosting fee for your use of the additional accounting software required.

We have also established a Technology Fee, currently \$100 per month, which we will apply toward such software and technology related costs as intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; and other such technologically-related activities.

At our request, you must, install and maintain interactive multi-media equipment, devices, and facilities that we require, including approved music systems, wi-fi and other wireless Internet and communications systems, and interactive displays, including plasma or LCD screens.

Except as described above, neither we, our affiliates, nor any third parties must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. Except as described above, there are currently no optional or required maintenance/upgrade contracts for the Computer System or other computer equipment.

You must install any other hardware and/or software for the operation of the Salon that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by THE LASH LOUNGE® Salons.

Initial Training Program

Within a reasonable time after you sign a Franchise Agreement for the Salon, and generally no later than six weeks before the opening of your THE LASH LOUNGE® Salon, we will provide initial training that you and your General Manager (if you are not the General Manager) must attend and complete to our satisfaction. We reserve the right to delay this training if all of the pre-training requirements, as set forth in the Manual, are not met. If you are the General Manager you may have one other employee attend this training. Our initial training program will be held primarily at a classroom facility that we designate in the Dallas/Fort Worth area, and “on-the-job” training will be conducted at a designated Salon location. We will provide the training, the instructor(s), a training manual, and other materials without charge for your first two trainees. You must pay us a fee (currently \$300 per day) for each additional attendee you send to the initial training program.

The initial training program is held on an as needed basis and is directed and conducted by CEO, Anna Phillips, whose experience in the eyelash extension and permanent makeup industry dates back to March 2003, and who, as founder of THE LASH LOUNGE® Salons, has been with us since our inception in September 2009.

TRAINING PROGRAM

Subjects	Hours of Classroom Training	Hours of On the Job Training	Location
Salon Operations (Computer Systems, Office, Accounting and Personnel)	10	10	Dallas/Ft. Worth, Texas; designated Salon location
Technician Lash Extensions Service Training	20	20	Dallas/Ft. Worth, Texas; designated Salon location
Retail Sales, Product Knowledge, Purchasing and Inventory	6	6	Dallas/Ft. Worth, Texas; designated Salon location

Subjects	Hours of Classroom Training	Hours of On the Job Training	Location
Marketing, Grand Opening and Ongoing Marketing	4	4	Dallas/Ft. Worth, Texas; designated Salon location
TOTAL	40	40	

We will, at our cost, provide you with one trainer for at least five days of on-site opening assistance. If we determine, however, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manual, we may elect to provide you with additional on-site assistance as we deem appropriate and you agree to pay our per diem fee for this additional assistance as well as our related travel, lodging, and dining costs.

We may make available additional courses, seminars, and other training programs as we consider appropriate. You must cause your General Manager and other employees whom we designate to attend these mandatory programs. We do not charge a fee for these additional training courses; however you must pay all attendance related travel, lodging, and dining costs for your Managing Owner, General Manager and designated employees.

Site Selection and Opening

When you sign the Franchise Agreement, we will agree on a “Site Selection Area” within which you must locate the Salon. Once you have identified an approved location, we will agree on a “Protected Area.” You must acquire an acceptable site for the Salon by no later than the Control Date identified in the Franchise Agreement (which is generally four months after the date you sign the Franchise Agreement). If you fail to acquire an acceptable site by the date that we mutually agree on before you sign the Franchise Agreement (“Control Date”) we may terminate the Franchise Agreement. For each proposed site that you identify, you must deliver to us a franchise site application in a form that we prescribe, including information about the site as we may reasonably request to perform our evaluation. We will approve or refuse to approve your proposed site within 30 days of receiving all requested information about the site. The criteria that we use to evaluate the site include general location, neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.

A Salon usually opens for business within nine months after the Franchise Agreement is signed. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required licenses, permits, and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

When the site is selected, we will mutually agree on an Opening Date for the Salon, which will be no later than 180 days after site selection. If you fail to open the Salon by the Opening Date, we can terminate the Franchise Agreement.

ITEM 12 TERRITORY

Franchise Agreement

You will operate the Salon at a location that we have approved, and may relocate the Salon only with our prior written consent. We will consent to relocation if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe, and you are not in default of the Franchise Agreement or any other agreement with us or our affiliates.

You will select a Salon location, which we approve, from within your designated "Site Selection Area," identified in Attachment B. When the Salon location is identified, we will mutually agree on a "Protected Area," which will also be identified in Attachment B to the Franchise Agreement. Your Protected Area will be described in terms of identifiable boundaries, such as streets, county lines, rivers, etc., clearly noted on a map included in Attachment B. The minimum Protected Area ranges from a 0.1-mile radius in highly populated metropolitan areas such as Manhattan, Chicago, or Los Angeles, to a 1.5-mile radius in less densely populated areas.

During the franchise term, we will not own or operate, or grant anyone else the right to operate, a Salon under the trademark THE LASH LOUNGE[®] within the Protected Area. Excepted out from the Protected Area will be venues within the Protected Area that we consider "Closed Markets." These include any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which eyelash extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We reserve to ourselves all other rights, including the right: (a) to own and operate and to grant others the right to own and operate Salons outside the Protected Area, regardless of their proximity to the Protected Area; (b) to own and operate and grant others the right to own and operate THE LASH LOUNGE[®] Salons, and license the use of the Marks and System, in "Closed Markets" within and outside the Protected Area; and (c) the right to distribute products and services identified by the Proprietary Marks, such as Private Label Products, through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales. We are not required to compensate you if we exercise any of the rights specified above inside your Protected Area.

Except for the Protected Area granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Salons you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. There are no circumstances that permit us to modify your Protected Area, nor do we require that you meet a minimum sales quota.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of THE LASH LOUNGE[®] Salons at sites in a specified Development Area. The Development Area will be identified on Attachment B to the Development Agreement, and may be described in terms of cities, counties, states, or some other designation. We do not grant you any options or rights of first refusal to acquire additional development areas.


During the term of the Development Agreement, we will not own or operate, or grant anyone else the right to operate, a THE LASH LOUNGE[®] Salon within the Development Area, except in Closed Markets. We reserve to ourselves all other rights, including the right: (a) to own and operate and to grant others the

right to own and operate Salons outside the Development Area, regardless of their proximity to the Development Area; (b) to own and operate and grant others the right to own and operate THE LASH LOUNGE® Salons, and license the use of the Marks and System, in "Closed Markets" within and outside the Development Area; and (c) the right to distribute products and services identified by the Proprietary Marks, such as Private Label Products, through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales. Nothing in the Development Agreement prohibits us from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than THE LASH LOUNGE®), whether or not the business is the same as or competitive with THE LASH LOUNGE® Salons; or (b) owning, operating, or franchising one or more businesses offering products or services other than those provided at THE LASH LOUNGE® Salons under the name THE LASH LOUNGE® or some derivative of the Proprietary Marks. We are not required to compensate you if we exercise any of the rights specified above inside your Development Area.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, we may (i) terminate or modify any territorial protections granted to you, (ii) reduce the size of the Development Area, or (iii) reduce the number of Salons which you may establish under the Development Schedule. There are no other circumstances that permit us to modify your territorial rights under the Area Development Agreement. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional THE LASH LOUNGE® Salons anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any then-existing Franchise Agreement.

ITEM 13 TRADEMARKS

Our affiliate, APD, owns and has registered the following Mark on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration Number	Registration Date	International Class
THE LASH LOUNGE (standard characters)	3,866,558	October 26, 2010	44
THE LASH LOUNGE (stylized design)	3,741,501	January 26, 2010	44
THE LASH LOUNGE (stylized design)	3,959,255	May 10, 2011	44, 3
WELCOME TO YOUR NEW ADDICTION (standard characters)	3,899,136	January 4, 2011	44
THE LASH LOUNGE (stylized design)	4,267,915	January 1, 2013	44, 3
CIRCLE WITH "L" (stylized design) 	4,267,914	January 1, 2013	3

APD owns and has granted us the right to use these Proprietary Marks in connection with the franchising of THE LASH LOUNGE® Salons and the operation of company-owned Salons. Our agreement with APD is perpetual unless otherwise terminated by mutual agreement. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

AP Dreamworks, LLC v. Reyna Nebeker (Cancellation No. 92057469); Reyna Nebeker v. AP Dreamworks, LLC (Cancellation No. 92057797). On July 1, 2013, we filed a Petition to Cancel Reyna

Nebeker's CHERRY LASH LOUNGE trademark Registration No. 4,322,978 stating that as the senior user and first federal registrant of the word "LOUNGE" in connection with beauty spa services, we would be damaged by the registration granted for the CHERRY LASH LOUNGE® trademark. Ms. Nebeker filed a Petition to Cancel our THE LASH LOUNGE® trademark registrations on August 28, 2013 alleging that the THE LASH LOUNGE® trademark had become generic and was therefore not entitled to registration. The cancellation proceedings were consolidated by the Board. On April 16, 2014 we filed a Motion for Summary Judgment claiming that, as a matter of law, the THE LASH LOUNGE® trademark was not generic but was in fact suggestive, and that, as such, it was entitled to federal registration on the Principal Register of the USPTO. The Motion asks that the Board cancel the CHERRY LASH LOUNGE® trademark as AP Dreamworks is the prior user and the CHERRY LASH LOUNGE trademark is confusingly similar to AP Dreamworks' Marks. The motion is currently pending.

Other than the above disclosures, there are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending infringement, opposition or cancellation proceedings, and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above.

Although we have not conducted an exhaustive search of users of names which may be the same or similar to our marks, we are aware of certain businesses, as listed below, which use marks that are similar to ours. In Tucson, Arizona; Clemente, California; and Palm Desert, California, there are three unaffiliated salons that each operate under the name "The Lash Lounge." There are additional eyelash extension salons throughout the United States that use a mark that is similar, though not identical, to ours. We are aware of one in Chicago, Illinois which operates under the name "Chicago Lash Lounge," another business with two locations (one in Fresno, California and another in Las Vegas, Nevada) operates under the name "Cherry Lash Lounge," another salon in Bellevue, Washington operates under the name "Noir Lash Lounge," one salon in Sandy Springs, Georgia operates under the name "Luxury Lash Lounge," also, there is a salon in Charlotte, North Carolina that offers services under the name "Serenity Lash Lounge", and finally, there is one salon in Bellevue Washington that operates under the name "Sable Lash Lounge." Other than these above-listed businesses, there are no other infringing uses actually known to us that could materially affect your use of the Proprietary Marks. We cannot represent with certainty that we have exclusive or superior rights to the name THE LASH LOUNGE® in all geographic areas. There may be similar uses to our Proprietary Marks of which we are unaware, which could arise from prior users.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®", "TM", or "SM", as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require in order to protect the Proprietary Marks and to maintain their validity and enforceability.

You may not use the Proprietary Marks or any part of the Proprietary Marks in your corporate name, and may not use them to incur any obligation or indebtedness on our behalf.

You may not use the Proprietary Marks or any part or derivative of the Proprietary Marks on the Internet, except as expressly permitted in writing. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of any URL or domain name, as well as their registration as part of any user name on any gaming website or social networking website (such as FACEBOOK, MYSPACE, or TWITTER) or as part of any unauthorized email address.

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

involving the Proprietary Marks or Copyrighted Works, including any settlement of the proceeding. We or our affiliate has the right, but is not obligated, to take action against third parties for infringement of our Proprietary Marks or Copyrighted Works. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If we determine that you have used the Proprietary Marks and Copyrighted Works according to the terms of the Franchise Agreement, we will pay the cost of the defense, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks or Copyrighted Works according to the terms of the Franchise Agreement, you must pay the cost of the defense, including the cost of any judgment or settlement. In the event a lawsuit relating to your use of the Proprietary Marks or Copyrighted Works, you must sign all documents that we require and do all things that we consider necessary to carry out the defense or prosecution, which may include becoming a nominal party to the action. Unless the action is the result of your use of the Proprietary Marks or Copyright Works in a manner inconsistent with the terms of the Franchise Agreement, we may reimburse you for your associated costs.

We have the right to create new, modified or replacement Proprietary Marks, and to require you to use them in addition to or in lieu of any previously designated Proprietary Marks.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights material to the franchise. However, we claim copyright protection in the Manual, the design elements of our marks, our product packaging, advertising and promotional materials, and the content and design of our website (the “Copyrighted Works”).

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We have no obligation to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use, or licensing of the copyrights. You may not use any of our Copyrighted Works on the Internet without our written permission. This includes display of the Copyrighted Works on commercial websites, gaming websites, and social networking websites (such as FACEBOOK, MYSPACE, or TWITTER).

You and your employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret information. Confidential Information means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; and standards and specifications for services and products offered; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, any training we provide, and all other information that we designate (collectively, “Confidential Information”). You must implement any reasonable procedures we may adopt to protect our Confidential Information including restrictions on disclosures to your employees and requiring employees who will have access to our Confidential Information to sign employment agreements containing non-disclosure and non-competition provisions.

You may not contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques and other proprietary information to which we claim exclusive rights.

If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Salon, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

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

If the franchisee is a business entity, at least one Owner must oversee the general operations and business activities of the Salon. You must also designate a General Manager, who may, but is not required to be, an Owner, who oversees the day-to-day operations of the Salon and devotes his or her full time energy and best efforts towards the management, operation, promotion, and growth of the business. The designated Owner and General Manager may be the same individual. At least one of your Owners and the General Manager (if the General Manager is not an Owner) must successfully complete our initial training program.

The General Manager may not engage in any other business or activity that requires substantial management responsibility or time commitment. If your General Manager ceases to serve in, or no longer qualifies for, the position, you must designate a new General Manager within 30 days. Each replacement General Manager must successfully complete our initial training program before assuming responsibility.

If the franchisee is a business entity, each Owner identified in Attachment C to the Franchise Agreement must sign a Personal Guaranty and Undertaking substantially in the form attached as Attachment D-1 to the Franchise Agreement. If you develop multiple Salons each Owner must sign a Personal Guaranty and Undertaking substantially in the form attached as Attachment D to the Area Development Agreement. Any individual who attends our initial training program, including your General Manager, must sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to the Franchise Agreement.

The term “Owner” means each individual or entity holding a direct or indirect beneficial ownership in the franchisee or developer. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as described below, you must offer and sell all products and services that we require, and only the products and services that we have approved. We may add, eliminate and change products and service items periodically, and you must comply with all directives (which may require purchasing and installing additional equipment). There are no limits on our right to make changes. We may, on occasion, require you to test market products and/or services at your Salon. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations that we establish.

Not all Salons will offer permanent makeup services. If you elect to offer such services, you must obtain our consent prior to signing the Franchise Agreement. If, in the future, you elect to provide permanent makeup services, you must obtain our prior written consent, which will require you to sign the Permanent Makeup Services Addendum to the Franchise Agreement (see Attachment G) as well as a general release.

All sales must be for retail consumption only and you may not engage in wholesale sales of any kind through any channels of distribution without our prior consent. You may not sell Proprietary Products through any means of distribution other than from the Salon at the Franchised Location unless we expressly authorize in writing. We have the right to establish maximum, minimum or other retail pricing requirements to the extent permitted by law.

You may not operate any co-branding marketing system without our prior written consent, which may be withheld in our sole discretion. No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your Salon.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and the Area Development Agreement, and related agreements. You should read these provisions in the Franchise Agreement and Area Development Agreement attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.1.	The earlier of 10 years following the date you open the Salon for business, or 11 years following the Effective Date of the Franchise Agreement.
b. Renewal or extension of the term	Section 2.2.	If you are in good standing, you can renew for one additional consecutive 10-year term.
c. Requirements for franchisee to renew or extend	Sections 2.2.	<p>Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires. However, to remain a franchisee, you must meet all required conditions to renew, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document, and pay the renewal fee.</p> <p>Other requirements are: you must, no less than 180 days prior to the expiration date of the Franchise Agreement, provide us with your notice of intent to renew; not be in default under the Franchise Agreement; have complied with your material obligations during the Term; you have satisfied all monetary obligations owed to us, our affiliates, and third party suppliers; you must, at our request, renovate or modernize your Salon to comply with our then-current standards; demonstrate that you have the right to remain in possession of the Salon premises; comply with the then-current qualifications and training requirements; sign our then-current form of franchise agreement which may contain materially different terms from your previous franchise agreement, including different Royalty Fee and Marketing Fee rates; you and your owners sign a general release; and you pay to us the required renewal fee.</p>

Provision	Section in Franchise Agreement	Summary
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 13.1., 13.2., 13.3., 13.4., and 13.5.	We can terminate if you materially default under your Franchise Agreement, or any other agreement between you and us, or our affiliates. In the event of the death or permanent incapacity of an owner, we may terminate if you fail to adhere to the applicable transfer of ownership requirements. We may also terminate you if you become insolvent or file for bankruptcy.
g. “Cause” defined – curable defaults	Sections 13.3., 13.4. and 13.5	You have 10 days to cure non-payment of fees, 30 days to cure non-compliance with laws, failure of quality assurance inspection, and defaults not listed in Section 13.2. You have six months to transfer the interest of an owner in the event of death or permanent incapacity.
h. “Cause” defined – non-curable defaults	Sections 13.1. and 13.2.	Non curable defaults include: bankruptcy, foreclosure, insolvency, conviction of a felony, abandonment, unapproved transfers, repeated defaults (even if cured), misrepresentations in acquiring your license, health or safety violations, knowingly understating your Gross Revenues, knowingly maintaining false books or records, trademark misuse, failure to successfully complete training, failure to acquire a site by the Control Date, failure to open the Salon by the Opening Date, abandonment of the Salon, failure to maintain the right to operate the Salon, violation of confidentiality and/or non-competition covenants, offering unauthorized products or services, purchases from unapproved suppliers, fail to pass two or more quality assurance/health inspections and or participate in any advertising or marketing program within any rolling 12-month period.
i. Franchisee’s	Article 14	You must cease use of our trademarks, de-

Provision	Section in Franchise Agreement	Summary
obligations on termination/ nonrenewal		identify, pay all amounts due to us, and return the Manuals to us. We may, at our option, assume all telephone numbers, telephone listings, and telephone directory advertisements for the Salon. We may, at our option, assume your lease and purchase certain Salon assets. You must, at our option, cancel or assign to us your rights to any Internet websites or web pages or e-mail addresses which contain our Proprietary Marks. (See also “r” below.)
j. Assignment of contract by franchisor	Section 12.1.	There are no restrictions on our right to assign.
k. “Transfer” by franchisee – definition	Sections 12.2., 12.3., and 12.4.	Includes transfer of the franchise or change in ownership of the entity which owns it.
l. Franchisor’s approval of transfer by franchisee	Section 12.4.	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor’s approval of transfer	Section 12.4.	<p>You must be in compliance with the Franchise Agreement and all other agreements with us or our affiliates; sign a general release; pay the transfer fee; and all of your monetary obligations to us, our affiliates, and your suppliers must be satisfied on or before the date of transfer.</p> <p>The new franchise owner must: meet our current qualifications; complete training; assume your obligations under the Franchise Agreement or, at our option, sign a new franchise Agreement in our then-current form (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement, unless additional terms are purchased by transferee, not to exceed a total transferred initial term of 10 years); at our election, refurbish the Salon; sign a guaranty and a general release; pay transfer fee; and, if applicable, the Extended Term Fee.</p> <p>Additional requirements apply to business</p>

Provision	Section in Franchise Agreement	Summary
		entities. (See also “r” below.)
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 12.8.	We can match any offer for your business.
o. Franchisor’s option to purchase franchisee’s business	Section 14.4.	Upon expiration or termination of your Franchise Agreement, we have the option to purchase some or all of your equipment, furnishings and fixtures at their then-current fair market value which will be determined by a qualified independent third party of our choosing.
p. Death or disability of franchisee	Section 12.9.	Same requirements as for transfer in “m” above, except there is no transfer fee and we do not have a right of first refusal. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Franchise Agreement may be terminated.
q. Non-competition covenants during the term of the franchise	Section 15.1.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any eyelash extension or permanent makeup business at any location within the U.S., its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks; no diversion of any present or prospective customer of ours to a competitor; no solicitation of ours or any of our Affiliate’s management employees.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2.	Neither you nor your owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any eyelash extension or permanent makeup business at your former Salon location, or within a 20-mile radius of your former Salon, or within a 20-mile radius

Provision	Section in Franchise Agreement	Summary
		of any other THE LASH LOUNGE® Salon location for a period of two years following expiration, termination or transfer.
s. Modification of the agreement	Sections 18.1. and 18.2.	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1. and 18.2.	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Nothing in the Franchise Agreement or any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 19.2. and 19.3 ¹	Claims, controversies or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Proprietary Marks or Confidential Information.
v. Choice of forum	Sections 19.2 and 19.3 ¹	Mediation at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for any other proceeding is the courts in the county in which our principal business offices are located, currently in Tarrant County, Texas (subject to applicable state law).
w. Choice of law	Section 19.1.	Subject to applicable state law, the Franchise Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of law) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Note 1. This provision has been amended in the California and Illinois Amendments to Franchise Agreement to provide for dispute resolution through arbitration.

Area Development Agreement

Provision	Section in Area Development Agreement	Summary
a. Length of the Agreement term	Section 2.1	The period beginning on the effective date and ending on the earlier of: (i) the date on which you have completed your development obligations, or (ii) 12:00 midnight CST on the last day specified in the Development Schedule described in <u>Attachment B</u> of the Area Development Agreement.
b. Renewal or extension of the term	Section 4.4	Unless we consent in writing, you may not open more than the total number of Salons comprising your development obligation. You do not have the right to renew your Area Development Agreement.
c. Requirements for Developer to renew or extend	Not applicable	Not applicable
d. Termination by Developer	Not applicable	Not applicable
e. Termination by the franchisor without cause	Not applicable	Not applicable
f. Termination by the franchisor with “cause”	Sections 9.1, 9.2., 9.3, 9.4, 9.5, and 9.6	We can terminate if you materially default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you and us or our affiliates. In the event of the death or permanent incapacity of an Owner, we may terminate if you fail to adhere to the applicable transfer requirements. Any default under any agreement between you and us or our affiliates, which you fail to cure provides an independent basis for termination of the Area Development Agreement.
g. “Cause” defined - curable defaults	Sections 9.3, 9.4 and 9.5	You have 10 days to cure a failure to (a) to obtain or maintain required insurance coverage, (b) pay amounts due us, (c) pay amounts due to your creditors, or (d) pay any amounts we advance on your behalf. You have 30 days to cure any other curable default, and in the case of a breach or default in the performance of your obligations under any Franchise or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control. You have six months to transfer the interest of an Owner in the event of death or permanent incapacity.

Provision	Section in Area Development Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 9.1 and 9.2	Non-curable defaults include your bankruptcy and other financial insolvency-related events, final judgment and creditor execution against your business assets or foreclosure on your business assets. Non-curable defaults also include failure to complete the Development Schedule, conviction of a felony or certain types of crimes or offenses likely to have an adverse effect on the System, any attempted transfer in violation of the Area Development Agreement, violation of confidentiality and/or non-competition covenants, material misrepresentations in your franchise application, or three or more written notices of default are issued within any rolling 12-month period.
i. Developer’s obligation on termination/non-renewal	Sections 2.2 and 10.2	You will have no further right to develop or operate additional THE LASH LOUNGE® Salons which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. If you have no existing Salons at the time of termination or non-renewal you must honor all post-termination obligations.
j. Assignment of contract by franchisor	Section 8.1	There are no restrictions on our right to assign.
k. “Transfer” by Developer – defined	Section 8.2, 8.3, 8.4, 8.5, and 8.8	Includes transfer to a business entity for convenience, transfer among Owners, transfer of a non-controlling interest in developer, transfer of the Area Development Agreement, transfer of a controlling interest in you, the sale or transfer of all or substantially all of the assets of any Salon developed under the Area Development Agreement, the assignment of your right to enter into a Franchise Agreement to a business entity under common control with you, and private or public offerings of interest in you.
l. Franchisor approval of transfer by Developer	Section 8.4	Transfers that do not result in a change of control of you may, subject to certain conditions described in the Area Development Agreement, be completed without our prior written consent. All other transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for franchisor approval	Section 8.4	You must be in compliance with the Area Development Agreement and all other agreements with us or our Affiliates. You must submit a

Provision	Section in Area Development Agreement	Summary
of transfer		<p>written request which includes the proposed transfer terms to us at least 30 days prior to the proposed transfer for our consideration and consent. You and your Owners must sign a general release, and all of your monetary obligations to us must be satisfied on or before the date of transfer. You or the new developer must refurbish each Salon as we determine necessary to meet the then-current System image requirements. You or the new developer must pay the related Transfer Fee.</p> <p>The new developer must: meet our current qualifications; sign our then-current form of area development agreement which may be materially different from your Area Development Agreement; and sign our then-current form of guaranty and personal undertaking.</p> <p>Additional requirements apply to business entities. (See also “r” below.)</p>
n. Franchisor’s right of first refusal to acquire Developer’s business	Section 8.9	We may match any offer to purchase your business.
o. Franchisor’s option to purchase Developer’s business	Not applicable	Not applicable
p. Death or disability of Developer	Section 8.10	Same requirements as for a transfer in “m” above. If your interest is not transferred within six months following your (or a major member, partner or shareholder’s) death or legal incapacity, your Area Development Agreement may be terminated.
q. Non-competition covenants during the term of the Agreement	Section 10.1	Neither you nor your Owners may have any involvement in any eyelash extension or permanent makeup business (other than a THE LASH LOUNGE® Salon operated under a valid Franchise Agreement with us) located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which we or our affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks.

Provision	Section in Area Development Agreement	Summary
r. Non-competition covenants after the Agreement is terminated or expires	Section 10.2	Except for the THE LASH LOUNGE® Salons you have developed and continue to operate under a valid Franchise Agreement with us, neither you nor your Owners may own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in any eyelash extension or permanent makeup business at your former Salon location or within a 20-mile radius of your former Salon or within a 20-mile radius of any other THE LASH LOUNGE® Salon for a period of two years following expiration, termination or transfer.
s. Modification of the Area Development Agreement	Sections 13.1 and 13.2	Must be in writing and signed by all parties.
t. Integration/merger clause	Section 13.1	Only the terms of the Area Development Agreement and are binding (subject to applicable state law). Any other representations or promises made outside the disclosure document and Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement is intended to disclaim representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Section 14.2	Claims, controversies or disputes from or relating to the Area Development Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Proprietary Marks or Confidential Information.
v. Choice of forum	Sections 14.2 and 14.3	Mediation at the AAA offices in the city in which we maintain our principal place of business at the time the mediation is initiated. Venue for any other proceeding is the courts in the county in which our principal business offices are located, currently in Tarrant County, Texas (subject to applicable state law).
w. Choice of law	Section 14.1	Subject to applicable state law, the Area Development Agreement is to be interpreted and construed under Texas law (without giving effect to any conflict of laws) except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship between us and you will not apply unless its jurisdictional requirements are met independently.

Note 1. This provision has been amended in the California and Illinois Amendments to Area Development Agreement to provide for dispute resolution through arbitration.

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figure to promote the 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 Franchise 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.

Presented below is historical financial information for the six THE LASH LOUNGE® Salons which, as of the date of this disclosure document, had been in operation for at least two full calendar years. Of the six Salons, three are owned by our affiliates and three are franchised Salons. The information below covers a period of three years, where the information for calendar year 2011 includes only affiliate-owned Salons. Please carefully read all of the information in this Item 19, as well as all of the notes following the charts in conjunction with your review of this historical data.

2013 Gross Revenues and Major Expenses							
Salon Characteristics	Ownership	Affiliate	Affiliate	Affiliate	Franchise	Franchise	Franchise
	Square Footage	1650 sq. ft.	1760 sq. ft.	1563 sq. ft.	1635 sq. ft.	2000 sq. ft.	2054 sq. ft.
	Number of Rooms	6	8	6	6	9	10
	Years in Operation ¹	7 th full year	6 th full year	5 th full year	2 nd full year	2 nd full year	2 nd full year
Gross Revenues	Services ²	\$561,125.74	\$607,586.21	\$634,419.55	\$469,672.24	\$489,852.48	\$405,638.84
	Retail ²	\$72,059.47	\$103,960.84	\$46,742.93	\$140,773.81	\$63,511.91	\$43,758.87
	Total Gross Revenues	\$633,185.21	\$711,547.05	\$681,162.48	\$610,446.05	\$553,364.39	\$449,397.71
Total Major Expenses³		\$372,614.69	\$418,541.80	\$397,619.73	\$434,628.76	\$379,569.58	\$266,001.96
Gross Income		\$260,080.52	\$292,153.25	\$283,302.75	\$174,385.29	\$173,794.81	\$183,395.75

2013 Revenue Stream as a Percent of Total Gross Revenues				
	Average⁴	High	Low	Number and Percent of Salons Which Met or Surpassed the Average
Service Gross Revenues	87%	93%	77%	4 or 66.66%, of which 2 were Affiliate-owned Salons
Boutique Gross Revenues	7%	18%	4%	1 or 16.66%, which was not an Affiliate-owned Salon
Cosmetics Gross Revenues	6%	11%	4%	3 or 50%, of which 2 were Affiliate-owned Salons

2012 Gross Revenues and Major Expenses							
Salon Characteristics	Ownership	Affiliate	Affiliate	Affiliate	Franchise	Franchise	Franchise
	Square Footage	1650 sq. ft.	1760 sq. ft.	1563 sq. ft.	1635 sq. ft.	2000 sq. ft.	2054 sq. ft.
	Number of Rooms	6	8	6	6	9	10
	Years in Operation ¹	6 th full year	5 th full year	4 th full year	1 st full year	1 st full year	1 st full year
Gross Revenues	Services ²	\$541,036.00	\$618,373.47	\$599,983.15	\$404,035.00	\$453,122.00	\$370,737.00
	Retail ²	\$60,666.40	\$87,815.11	\$48,343.52	\$122,838.00	\$28,054.00	\$39,993.17
	Total Gross Revenues	\$601,702.40	\$706,188.58	\$648,326.67	\$526,873.00	\$481,176.00	\$410,730.17
Total Major Expenses³		\$369,776.00	\$406,991.00	\$415,153.00	\$341,151.00	\$358,777.00	\$289,815.00
Gross Income		\$228,962.40	\$297,380.58	\$233,173.67	\$183,385.00	\$122,399.00	\$120,915.17

2012 Revenue Stream as a Percent of Total Gross Revenues				
	Average	High	Low	Number and Percent of Salons Which Met or Surpassed the Average
Service Gross Revenues	88%	94%	77%	4 or 66.66%, of which 2 were Affiliate-owned Salons
Boutique Gross Revenues	7%	17%	4%	1 or 16.66%, which was not an Affiliate-owned Salon
Cosmetics Gross Revenues	5%	8%	4%	4 or 66.66%, of which 2 were Affiliate-owned Salons

2011 Gross Revenues and Major Expenses				
Salon Characteristics	Ownership	Affiliate	Affiliate	Affiliate
	Square Footage	1650 sq. ft.	1760 sq. ft.	1563 sq. ft.
	Number of Rooms	6	8	6
	Years in Operation ¹	5 th full year	4 th full year	3 th full year
Gross Revenues	Services ²	\$511,214	\$662,773	\$493,493
	Retail ²	\$59,802	\$75,884	\$39,272
	Total Gross Revenues	\$571,016	\$738,657	\$532,765
Total Major Expenses³		\$394,362	\$482,523	\$355,427
Gross Income		\$176,654	\$256,134	\$177,338

Average Ticket Price Per Guest ⁴		
2011	2012	2013
3 Salon Average	6 Salon Average	6 Salon Average
\$61.46	\$57.62	\$59.43

Notes:

Note 1. The first affiliate-owned Salon opened in August 2006, the second opened in October 2007, and the third opened in October 2008. The first franchise Salon opened in May 2011, the second opened in July 2011, and the third opened in October 2011.

Note 2. Gross Revenues from services includes revenues from all services provided at THE LASH LOUNGE® Salons, including semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, permanent makeup services, cosmetic makeup application services, and facial threading services. Gross Revenues from retail sales includes revenues from the sale of all cosmetic and boutique items.

Note 3. The expenses in the Total Major Expenses category include reported payroll for tech commissions, employee salaries, officer wages, and any contract services (not including payroll taxes); rent; the cost of goods for services which includes the cost of the supplies needed to render the services (not including tools or equipment); and the cost of goods for retail items (cosmetics and boutique) which includes the cost of cosmetic items and boutique inventory sold in 2013.

Note 4. The average ticket price per guest was calculated by taking each Salon's total Gross Revenues for 2013 and dividing it by the number of tickets tracked by the Salon's POS system for that same year. Each Salon's average ticket price per guest was calculated then added together and divided by the total number of Salons included in the applicable year's subset.

Note 5. The franchise Salon figures reflected in the charts above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the franchisee information on which this financial performance representation is based.

SOME SALONS HAVE SOLD THIS AMOUNT. YOUR INDIVIDUAL RESULTS MAY DIFFER. THERE IS NO ASSURANCE THAT YOU WILL SELL AS MUCH.

Substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation we do not make any financial performance representations. 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 Anna Phillips, President, The Lash Lounge Franchise, LLC, 2200 Pool Road, Suite 106, Grapevine, Texas 76051; 817-442-LASH (5274), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

Systemwide Outlet Summary

For Years 2011 to 2013

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2011	2	5	+3
	2012	5	6	+1

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2013	6	6	0
Company Owned	2011	1	1	0
	2012	1	1	0
	2013	1	1	0
Total Outlets	2011	3	6	+3
	2012	6	7	+1
	2013	7	7	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)

For Years 2011 to 2013

State	Year	Number of Transfers
Texas	2011	0
	2012	0
	2013	0
Totals	2011	0
	2012	0
	2013	0

Table No. 3
Status of Franchised Outlets
For Years 2011 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Texas	2011	2	3	0	0	0	0	5
	2012	5	1	0	0	0	0	6
	2013	6	0	0	0	0	0	6
Totals	2011	2	3	0	0	0	0	5
	2012	5	1	0	0	0	0	6
	2013	6	0	0	0	0	0	6

Table No. 4
Status of Company-Owned Outlets
For Years 2011 to 2013

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Texas	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1
Total	2011	1	0	0	0	0	1
	2012	1	0	0	0	0	1
	2013	1	0	0	0	0	1

Table No. 5
Projected Openings
As of December 31, 2013

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	2	0
Florida	0	2	0
Texas	3	5	1

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Washington	0	1	0
Totals	3	10	1

Our current list of the names and current addresses of our franchisees is located in Exhibit E. No franchisee has not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year. No franchisee has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed within the last three years a confidentiality clause with us that would restrict the franchisee's ability to openly communicate with you. There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as Exhibit E are our audited balance sheets as of December 31, 2013, December 31, 2012, and December 31, 2011, and the related statements of income, retained earnings, and of cash flow for the years then ended.

ITEM 22 CONTRACTS

Attached as Exhibit A is our current form of Franchise Agreement with the following Attachments:

- Attachment A Glossary of Additional Terms
- Attachment B The Site Selection Area, Control Date, Franchised Location, Opening Date, and the Protected Area
- Attachment C Entity Information
- Attachment D-1 Personal Guaranty and Undertaking
- Attachment D-2 Confidentiality and Non-competition Agreement
- Attachment E ACH Authorization
- Attachment F Lease Addendum
- Attachment G Permanent Makeup Services Addendum
- Attachment H Telephone Number Assignment Agreement
- Attachment I Franchisee Questionnaire

Attached as Exhibit B is our current form of Area Development Agreement with the following Attachments:

- Attachment A Glossary of Additional Terms
- Attachment B Salon Development Area and Development Schedule
- Attachment C Entity Information
- Attachment D Personal Guaranty and Undertaking
- Attachment E Form of Franchise Agreement

Attached as Exhibit C is our current form of General Release (Sample Form Only).

**ITEM 23
RECEIPTS**

Two copies of a receipt of this disclosure document appear as Exhibit H. Please return one copy to us and retain the other for your records.

THE LASH LOUNGE FRANCHISE LLC
STATE APPENDIX TO DISCLOSURE DOCUMENT

THE LASH LOUNGE FRANCHISE LLC
STATE APPENDIX TO DISCLOSURE DOCUMENT

FOR 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.

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Business Oversight, prior to solicitation of a proposed material modification of your Franchise Agreement and Development Agreement.

Item 3 of the Disclosure Document is supplemented by the following:

Neither the franchisor nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et. seq.*, suspending or expelling such persons from membership in such association or exchange.

Items 5 and 7 of the Disclosure Document are supplemented by the following:

We will defer collection of the Initial Franchise Fee and Development Fee until the first day the Salon opens for business. Once paid to us, the Initial Franchise Fee and Development Fee is fully earned and is nonrefundable.

Item 17 of the Disclosure Document is supplemented by the following:

California Business and Professions Code, Section 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement and Development Fee contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchise. California Corporations Code 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).

The Franchise Agreement and Development Agreement contain covenants not to compete that extend beyond expiration or termination of the agreement. This provision may not be enforceable under California law.

The Franchise Agreement and Development Agreement require application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement and Development Agreement require binding arbitration. The arbitration will occur in the county where Franchisor maintains its principal business address at the time of arbitration and each party to the arbitration is responsible for their own costs and expenses of arbitration, including legal and filing fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

The indemnification provision in the Franchise Agreement and Development Agreement may not be fully

enforceable as to punitive damages under California law.

OUR WEBSITE CAN BE FOUND AT info@thelashlounge.com. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

FOR THE STATE OF ILLINOIS

1. Item 5 is supplemented by the following:

Based on our current financial condition, the Illinois Attorney General's Office has imposed a financial assurance requirement that requires us to defer your obligation to pay the Initial Franchise Fee and Development Fee due to us under the Franchise Agreement and Development Agreement, respectively, until we have completed all of our pre-opening obligations to you and you have commenced doing business.

2. Item 17 is supplemented by the following:

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 ("Act") provides that any provision in the Franchise Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois; however, the Agreement may provide for arbitration in a forum outside of Illinois.

Notwithstanding the provisions of the Franchise Agreement and Development Agreement that Texas law shall govern, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement and Development Agreement that alleges violation of the Act.

The conditions under which your franchise can be terminated and your rights on renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

FOR THE STATE OF NEW YORK

1. All references made herein to a Disclosure Document shall be amended to Offering Prospectus.
2. The following paragraphs are added to the Franchise Disclosure Document Cover Page:

INFORMATION COMPARING FRANCHISOR IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK, 10271-0332.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

WE REPRESENT THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

3. Item 3 is supplemented by the following:

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against it, him, or her alleging a felony; a violation of franchise, antitrust or securities law, fraud,

embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither we, our predecessors any person identified in Item 2, or an affiliate offering franchises under our principal trademark has any 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.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, unfair or deceptive practices or comparable allegations.

Neither we, our predecessors, any person identified in Item 2, nor an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

4. Item 4 is supplemented by the following:

Except as disclosed above, neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Disclosure Document: (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 U.S. 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 ours held this position in such company or partnership.

5. Item 17 is supplemented by the following:

All rights you enjoy and any causes of action arising in your favor from the provisions of the New York General Business Law, Article 33 and the regulations issued under the Law shall remain in force. This means that any language in the Franchise Agreement and Development Agreement that states you waive or surrender your rights under the Act is without effect in New York. Any provision purporting to require you to agree to a waiver or estoppel which would relieve a person of his/her legal obligations to you under the Act is unlawful in New York.

You have the right to terminate the Franchise Agreement and Development Agreement on any grounds available by law.

Any provision in a Franchise Agreement or Development Agreement that grants a franchisor the right to assign the Agreement without the prior approval of a franchisee or developer shall be modified to permit an assignment to an assignee who, in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations under the Agreement.

Our choice of law provisions should not be considered a waiver of any right conferred on either us or on you by the Franchise Sales Act of New York (New York General Business Law, Article 33).

FOR THE COMMONWEALTH OF VIRGINIA

1. Item 5 is supplemented by the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the Salon opens for business. If we enter into an Area Development Agreement with you, we will defer collection of the Development Fee until we have completed our pre-opening obligations to you and the first Salon opens for business.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Item 17.h. of the Franchise Disclosure Document for The Lash Lounge Franchise, LLC is supplemented by the following:

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground 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 THE STATE OF WASHINGTON

1. If any of the provisions in the Franchise Agreement or Development Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act ("Act"), the provisions of the Act will prevail over the inconsistent provisions of the Franchise Agreement or Development Agreement with regard to any franchise sold in Washington.

2. Item 5 of the Disclosure Document is supplemented by the following:

Based on our current financial condition, the Washington Department of Financial Institutions Securities Division has imposed a financial assurance requirement. Therefore, as a condition to becoming registered to offer and sell franchises in the State of Washington, we have agreed to defer your obligation to pay the Initial Franchise Fee under the Franchise Agreement and Development Fee under the Development Agreement until we have met our material pre-opening obligations and you have begun operating the THE LASH LOUNGE® Salon.

3. Item 6 is supplemented by the following:

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

4. Item 17 is supplemented by the following:

Notwithstanding the provisions of the Franchise Agreement or Development Agreement, in the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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

EXHIBIT A
FRANCHISE AGREEMENT



**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE: _____

FRANCHISEE: _____

FRANCHISEE'S ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

E-MAIL ADDRESS: _____

FRANCHISE LOCATION: _____

CONTROL DATE: _____

OPENING DATE: _____

INITIAL FRANCHISE FEE: \$40,000, payable upon execution of this Franchise Agreement
 \$30,000, credited from the Development Fee paid to Franchisor pursuant to an Area Development Agreement

MICROSITE AND SOCIAL MEDIA PAGE CREATION AND CUSTOMIZATION FEE: \$500 payable upon execution of this Franchise Agreement

SYSTEM SOCIAL MEDIA AND ONLINE PRESENCE FEE: Currently, \$60 per year, subject to increase.

GRAND OPENING EXPENDITURE: \$5,000

MARKETING FEE: Up to 2% of Gross Revenue per month

LOCAL ADVERTISING REQUIREMENT: \$2,000 per month during the Salon's first 12 full months of operation; Afterwards, \$1,000 minimum per month (refer to Section 9.4. of this Agreement)

ROYALTY FEE: Months one through six: 6% of Gross Revenue per month, no minimum; the first month may be a full or partial calendar month depending on what day the Salon opens for business

Franchisor Initials

Franchisee Initials

Months seven through 12: The greater of 6% of Gross Revenue or \$1,000 per month
Months 13 through remainder of Term: The greater of 6% of Gross Revenue or \$1,500 per month

TECHNOLOGY FEE: Currently, \$100 per month, subject to increase.

RENEWAL FEE: An amount equal to 50% of the then-current initial franchise fee generally charged to new franchisees.

TRANSFER FEE: Reimbursement of Franchisor's related costs and expenditures for transfers made for convenience of operation (refer to Section 12.2 of this Agreement)

\$2,500 for assignments of non-controlling interest (refer to Section 12.3. of this Agreement), provided, however, that if Franchisor determines any new Owners must undergo training, Franchisor may charge a reasonable tuition for such training and Franchisee agrees to cover all related travel, lodging, and dining costs.

50% of Franchisor's then-current initial franchise fee, plus reimbursement of Franchisor's costs in facilitating the transfer (including reasonable attorneys' fees) for assignments transferring complete interest (refer to Section 12.4. of this Agreement)

**EXTENDED TERM FEE:
(TRANSFER ONLY)** \$1,000 per year added (not to exceed a total initial term of 10 years)

**FRANCHISOR
ADDRESS FOR NOTICES:** The Lash Lounge Franchise, LLC
2200 Pool Road, Suite 106
Grapevine, Texas 76051
Fax: 817-900-9190
Attention: President

Franchisor Initials

Franchisee Initials

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

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**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (the “**Effective Date**”) by and between The Lash Lounge Franchise, LLC, a Texas limited liability, (“**Franchisor**”), and the franchisee identified in the Summary Pages (referred to in this Agreement as “**you**” or “**Franchisee**”).

A. Franchisor has acquired the license to use and to sublicense the use of an upscale salon (“**Salon**”) featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, as well as makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trade name and trademark THE LASH LOUNGE® (the “**System**”). It is important to note that your right to provide any permanent makeup services is conditional upon obtaining Franchisor’s prior written consent and execution of the Permanent Makeup Services Addendum attached hereto as Attachment G.

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including semi-permanent and temporary eyelash extension services and permanent makeup services; private label cosmetics and skin care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time.

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**THE LASH LOUNGE**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”).

D. You desire to enter into the business of operating an eyelash enhancement services salon under the System and Proprietary Marks (the “**Salon**” or “**Franchised Business**”) and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration for the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant.

1.1.1. Franchisor grants to you the right to use the System and Proprietary Marks solely in connection with the operation of the THE LASH LOUNGE® Franchised Business, and you accept the right and undertake the obligation, all according to the terms and conditions contained in this Agreement.

1.1.2. This franchise includes only the right (*a*) to use the System and Proprietary Marks in connection with the retail sale of authorized products and services at the Salon location identified or to be identified in Attachment B (“**Franchised Location**”); and (*b*) to use the Proprietary Marks to advertise and promote the Salon.

1.1.3. This Agreement specifically grants you no right, among others, to (*a*) sublicense the use of the System or Proprietary Marks, (*b*) to Co-brand with another concept, or (*c*) to deliver or ship THE LASH LOUNGE® products, regardless of the destination, without Franchisor’s prior written consent; or (*d*) to distribute THE LASH LOUNGE® products through wholesale channels, such as mail order, catalog sales, or Internet sales.

1.2. Protected Area. During the term of this Agreement, and except for sales in "Closed Markets" (which are carved out from territorial protection, as described in Attachment B) Franchisor shall not (a) own or operate, or grant anyone else the right to operate, a Salon or (b) sell or license anyone the right to sell products and services under "THE LASH LOUNGE" trademark within the Protected Area identified in Attachment B.

1.3. Reservation of Rights. Franchisor reserves to itself all other rights in and to use the Proprietary Marks including (a) the right to own and operate and to grant others the right to own and operate Salons outside the Protected Area, regardless of their proximity to the Protected Area; (b) to own and operate THE LASH LOUNGE® Salons and license the use of the Marks and System or grant others the right to own and operate THE LASH LOUNGE® Salons in Closed Markets within and outside the Protected Area; and (c) the right to distribute products and services identified by the Proprietary Marks, such as Private Label Products, through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales.

1.4. Right to Operate Businesses Under Different Proprietary Marks. Nothing in this Agreement prohibits or restricts Franchisor from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than THE LASH LOUNGE® whether or not the business is the same as or competitive with THE LASH LOUNGE® Salons; or (b) owning, operating, or franchising one or more businesses offering similar products or services under the name THE LASH LOUNGE or some derivative of the Proprietary Marks.

2. TERM

2.1. Term. The term of this Agreement shall begin on the Effective Date and shall expire, unless earlier terminated, on the 10th anniversary of the Salon opening, but no later than 11 years from the Effective Date, regardless of the date on which the Salon opens to the public for business.

2.2. Successor Terms. You may renew the franchise granted by this Agreement for one consecutive 10-year term if, at the end of the initial term, each of the following conditions has been satisfied:

2.2.1. You have notified Franchisor of your intent to renew the franchise no less than 180 days and no more than 12 months prior to expiration of the then-current term;

2.2.2. You are not in default of any material provision of this Agreement and you have complied with the materials terms and conditions of this Agreement throughout the term;

2.2.3. You have satisfied all monetary obligations owed to Franchisor, its Affiliates and third party suppliers;

2.2.4. You have renovated and refurbished the Salon premises so that they reflect Franchisor's then-current image, trade dress, equipment, and furnishings requirements;

2.2.5. You have demonstrated to Franchisor's satisfaction that you have the right to remain in possession of the Salon premises, or you have secured an alternate site with Franchisor's prior approval;

2.2.6. You comply with the then-current qualifications and training requirements;

2.2.7. You sign Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement, and each Owner executes a personal guaranty and undertaking in the form Franchisor prescribes;

2.2.8. You and each Owner sign a general and full release in favor of Franchisor and its Affiliates, and their respective, officers, directors, shareholders, members, managers, employees, and agents, of any claims arising out of or related to the franchise relationship including the offer and sale of THE LASH LOUNGE® franchise opportunity; and

2.2.9. You have paid the Renewal Fee in the amount specified in the Summary Pages.

2.3 **Holdover.** In the event you continue operating the Salon following the natural expiration of this Agreement, such arrangement will be considered an extension of this Agreement; provided that the Royalty Fee and Marketing Fee will equal to 125% of the rates described in the Summary Pages. In addition, your Owners agree to indemnify Franchisor in the event that such operation causes any cost, expense, liability or damage to you or Franchisor. The inclusion of this Section 2.3 shall not be construed as Franchisor's permission for you to continue operations after the natural expiration of this Agreement.

3. SITE SELECTION; CONSTRUCTION; STORE LOCATION

3.1. **Site Selection.** You must identify and acquire a site for the Salon by the Control Date (the "**Control Date**") specified in the Summary Pages and Attachment B. The site must be located within the Site Selection Area (the "**Site Selection Area**") identified in Attachment B, must meet Franchisor's then-current site selection criteria, and must otherwise be mutually acceptable to you and to Franchisor. Franchisor may assist you in site selection, in its sole discretion, which assistance may include making available to you the services of the Franchisor's designated marketing research firm. Ultimately site selection is solely your responsibility. Once you have acquired the site for the Salon, Franchisor and you will mutually agree upon a Protected Area and Attachment B will be supplemented accordingly.

3.2. **Franchise Site Application.** For each proposed site that you identify, you must deliver to Franchisor a completed franchise site application in a form Franchisor prescribes, including such information about the site as Franchisor may reasonably request to perform its evaluation. This information may include, among other things, a description of the proposed site, demographic and psychographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations, and other lease terms for the proposed site) and the size, appearance, other physical characteristics, and a site plan of the premises. Franchisor will approve or refuse to approve a proposed site within 30 days after the receipt of these documents and any additional information as Franchisor may reasonably require. Franchisor's failure to provide notification within this time period shall not be considered either approval or disapproval. **The parties acknowledge and agree that Franchisor's site approval is not an assurance that the Salon will achieve a certain sales volume or level of profitability; it means only that the proposed site meets Franchisor's minimum criteria for THE LASH LOUNGE® Salons.**

3.3. **Lease.** If you will occupy the Franchised Location under a lease with a third-party landlord, Franchisor shall have the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Franchisor. **The parties acknowledge and agree that Franchisor's approval of a lease does not mean that the economic terms of the lease are favorable, it means only that the lease contains the lease terms that Franchisor requires.** The lease must also contain the terms reflected in Attachment F, including Franchisor's option to assume the lease in the event of expiration or termination of this Agreement. The lease must be completed on or before the Control Date, and you shall provide to Franchisor a fully executed copy of the lease within 10 days after its execution.

3.4. **Salon Design and Build Out.** You agree to follow Franchisor's procedures for the Salon construction and build out, and you agree to construct and build out the Salon according to Franchisor's standards and specifications for design, décor and layout, and shall equip the Salon according to Franchisor's requirements for fixtures, furnishings, equipment, interior and exterior signage, artwork and graphics, and awnings. You are solely responsible for obtaining all government approvals, zoning classifications, permits, and clearances related to the Salon, and for complying with applicable requirements of the Americans with Disabilities Act. During construction, you must maintain general liability and property damage insurance of the type and with the limits Franchisor requires, protecting you, Franchisor, and its Affiliates, and their respective partners, shareholders, directors, members, manager, agents, and employees. Such policy or policies shall be written by a responsible insurer or insurers acceptable to Franchisor and shall contain a waiver of subrogation in favor of Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and

employees. You shall notify Franchisor in writing when construction begins, and thereafter shall provide a monthly progress report. Franchisor and its designees have the right to inspect the site at all reasonable times.

3.5. Opening.

3.5.1. When a site is identified, the parties will mutually agree on an opening date (“**Opening Date**”), which will be no later than 180 days from the date you take possession of the site, and the will be reflected on the Summary Pages and Attachment B.

3.5.2. You may open the Salon for business only with prior written permission of Franchisor.

3.5.3. Franchisor will grant permission to open only if (a) all amounts due Franchisor under this Agreement have been paid, (b) the Salon has been constructed and equipped according to Franchisor’s standards and specifications, (c) all of your pre-opening and training obligations have been satisfied, (d) Franchisor has received from you a signed ACH Authorization (Attachment E) by no later than the Control Date; (e) Franchisor has received from you a fully executed copy of your Salon lease containing the mandatory lease terms described in Attachment F; (f) Franchisor has received from you certificates of insurance as required by Article 11; and (g) you are otherwise in good standing under this Agreement.

3.6. Relocation. You may relocate the Salon only with Franchisor’s prior written consent. Franchisor will grant its consent if your lease expires or terminates through no fault of yours, or if the Salon premises is destroyed or materially damaged by fire, flood, or other natural catastrophe (an “**Innocent Loss or Casualty**”) and you are not in default of this Agreement or any other agreement between you and Franchisor or its Affiliates. Selection of the relocation site and Salon construction, renovation, and opening shall be governed by this Article 3; provided that if the relocation occurred as a result of an Innocent Loss or Casualty event, the Salon must be open for business at the new location within 180 days of closing at the previous location; however, if the relocation occurred for any other reason, the Salon must be open for business at the new location within five days of closing at the previous location. You are solely responsible for all relocation costs and expenses.

4. **FEES**

4.1. Initial Franchise Fee. Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages. You acknowledge and agree that the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable.

4.2. Royalty Fee. During the term of this Agreement, you shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Pages for the right to use the System and the Proprietary Marks. If any taxes, fees, or assessments are imposed on Royalty Fee payments by reason of Franchisor acting as a franchisor or licensing the Marks under this Agreement, you shall reimburse Franchisor the amount those taxes, fees, or assessments within 30 days after receipt of an invoice from Franchisor.

4.3. Technology Fee. You must also pay to Franchisor, on such date and in such manner as Franchisor designates, a Technology Fee in the amount indicated on the Summary Pages to be used in connection with certain software and technology related costs as determined by Franchisor in its discretion. Such amounts may be used, for example, for intranet development, support, maintenance, and related costs; software or application development, customization, and implementation; online or Internet-related support; hardware and/or software support; and other such technologically-related activities as Franchisor may determine from time to time.

4.4. System Social Media and Online Presence Fee. You must pay to Franchisor, on such annual date and in such manner as Franchisor designates, a System Social Media and Online Presence Fee in the amount indicated on the Summary Pages, subject to increase at Franchisor’s discretion. In consideration for such Fee, Franchisor will provide certain development, support, review, maintenance, and/or

administration services related to the THE LASH LOUNGE® System's online presence. This includes, but is in no way limited to services related to your Salon Social Media Portals and Salon Microsite, Franchisor's social media portals and website, and other System-related online presence.

4.5. Other Payments. In addition to all other payments provided in this Agreement, you shall pay Franchisor and its Affiliates promptly when due:

4.5.1. All amounts advanced by Franchisor or which Franchisor has paid, or for which it has become obligated to pay on your behalf for any reason whatsoever.

4.5.2. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, which shall be imposed upon you and required to be collected or paid by Franchisor (a) on account of your Gross Revenue, or (b) on account of initial franchise fees, royalty fees or advertising fees collected by Franchisor from you (but excluding ordinary income taxes). Franchisor, in its discretion, may collect the taxes in the same manner as Royalty Fees are collected and promptly pay the tax collections to the appropriate governmental authority; provided, however, that unless Franchisor so elects, it shall be your responsibility to pay all sales, use or other taxes now or hereinafter imposed by any governmental authorities on initial franchise fees, royalty fees and advertising fees.

4.5.3. Amounts due relating to your participation in marketing programs pursuant to Sections 9.4. and 9.5. of this Agreement.

4.5.4. All amounts due for any reason, including on account of purchases of Proprietary Products, supplies or services relating to the Franchised Business.

4.6. No Set-Off Rights. You may not set off, deduct or otherwise withhold any fees or other amounts due Franchisor under this Agreement on the grounds of alleged nonperformance by Franchisor of any of its obligations or for any other reason. Withholding royalties or any other amounts due Franchisor is a material breach of this Agreement.

4.7. Payment Terms. All payments required by this Agreement shall be paid within the time Franchisor specifies, provided that such day is a Business Day (the "**Due Date**"). If the Due Date is not a Business Day, then payment shall be due on the next Business Day.

4.8. Payment Procedures. Franchisor shall determine the amount of the Royalty Fee, Marketing Fee, and other amounts due under this Agreement by accessing and retrieving Gross Revenue data from your computer system, as permitted by Article 10, and shall provide notice to you (each a "**Fee Notice**") stating the applicable Royalty Fee, Marketing Fee, and other fee amount, if any, no later than the Due Date. If you wish to dispute the amount, you shall deliver to Franchisor written notice of the dispute, along with all evidence that supports your claim within two Business Days following delivery of the Fee Notice. On each Due Date, Franchisor will transfer from your commercial bank operating account ("**Account**") the undisputed amount of fees reflected in the Fee Notice. If you have not reported Gross Revenue for any reporting period, or if Franchisor determines that you have underreported Gross Revenue, Franchisor also has the right to transfer from the Account, at its option, an estimated payment, plus interest, which payment may be based on the Salon's historical performance and/or the amount of your purchases of required products. Any overpayment will be credited against future payments due under this Agreement.

4.9. Electronic Fund Transfer. You shall participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to use a pre-authorized bank draft system. You shall: (a) comply with Franchisor's procedures, as specified in the Manual or otherwise in writing; (b) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 4.9.; (c) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee, Marketing Fee and other amounts payable under this Agreement, including any interest

charges; and (d) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for each payment thereof. Notwithstanding the provisions of this Article 4, Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee, Marketing Fee and other amounts owed under this Agreement upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account is a material breach of this Agreement.

4.10. Interest; Nonsufficient Funds Charge. Any payments not received by Franchisor by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Salon operates, whichever is less. If any check, draft, electronic or otherwise, is returned for insufficient funds, you shall pay to Franchisor a nonsufficient funds charge in the amount of \$50 (which may be increased each year by an amount not to exceed 10% of the then-current amount) and reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

4.11. Partial Payments; Application of Payments. If you pay less than the amount due, your payment will be considered a partial payment on account. Franchisor may accept such payment as a partial payment, irrespective of any endorsement or other statement that the payment constitutes full payment. Franchisor's acceptance of such partial payment will not be considered a waiver of any of its right to demand or receive full payment, and you hereby waive any estoppel defense in this regard. Franchisor may apply your payments to any indebtedness, in its sole and reasonable discretion, regardless of any designation that accompanies the payment.

4.12. Payment of Taxes. To the extent that any sales, excise, or similar taxes are imposed on payments for goods or services provided by Franchisor, you shall pay such taxes.

4.13. Collection Costs and Expenses. You shall pay Franchisor on demand any and all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, reasonable attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Revenues of the Salon, court costs, expert witness fees, discovery costs and reasonable attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

5. TRAINING AND ASSISTANCE

5.1. Initial Training. Before you may open the Salon for business the Managing Owner and your General Manager must attend and complete, to Franchisor's satisfaction, Franchisor's initial training program. The initial training program will take place at a location and time that Franchisor designates, generally six weeks prior to the Salon opening, provided, however, that Franchisor reserves the right to delay the initial training program until such time as you have completed all pre-initial training items set forth in the Manuals. The Managing Owner and General Manger may attend Franchisor's initial training program without charge. If the General Manager is also the Managing Owner, then one other employee may attend without charge. At your request, Franchisor may permit additional individuals to attend the same training program, subject to space availability and payment of Franchisor's then-current tuition. You are responsible for all costs and expenses of complying with Franchisor's training requirements including, without limitation, tuition and registration costs, and salary, travel, lodging, and dining costs for all of your employees who participate in the training.

5.2. Salon Opening Assistance. Franchisor will make available one individual to provide you and your staff five days of on-site Salon opening assistance. There is no additional fee for such assistance, but you must reimburse Franchisor for all out of pocket costs it incurs in connection with providing such assistance, including travel, lodging and dining costs for the individual providing such assistance. At your request, Franchisor may, in its discretion, provide additional on-site opening assistance, subject to availability of personnel. In such event, Franchisor has the right to charge (and you agree to pay) Franchisor's current daily rate for providing such assistance, and you must reimburse Franchisor for all

out of pocket costs it incurs in connection with providing such additional assistance, including travel, lodging, and dining costs for the individual(s) providing such assistance. If Franchisor determines, in its sole discretion, that you have not met the minimum requirements for the establishment of the Salon by the timelines set forth in the Manuals, Franchisor may require that you accept such additional on-site assistance as Franchisor deems appropriate. You agree to pay Franchisor's per diem assistance fee for such additional assistance as well as Franchisor's related travel, lodging, and dining costs.

5.3. Ongoing Assistance. Upon your written request, Franchisor may, in its sole discretion, provide additional on-site training assistance. Should Franchisor agree to provide such additional assistance it has the right to charge (and you agree to pay) Franchisor's current daily rate for providing such assistance and you must reimburse Franchisor for all out of pocket costs it incurs in connection with providing such additional assistance, including travel, lodging and dining costs for the individual(s) providing such assistance.

5.4. Pre-Opening Consultation. Franchisor shall provide such pre-opening consultation and advice as it deems appropriate, which may include advice with regard to the development and operation of the Salon, building layout, furnishings, fixtures, and equipment, plans and specifications, employee recruiting, selection, and training, purchasing and inventory control, and such other matters as Franchisor deems appropriate.

5.5. Ongoing Consultation. Franchisor shall provide such ongoing consultation and advice as it deems appropriate, which may include information about new service and product development, instruction concerning the operation and management of THE LASH LOUNGE® Salon, advertising and marketing advice, and financial and accounting advice. Such consultation and advice may be provided, in Franchisor's discretion, through Salon visits by Franchisor personnel, via meetings, seminars or conferences, and/or through dissemination of electronic or printed materials.

5.6. Additional Training. You agree to cause the Managing Owner, General Manager, and other employees that Franchisor designates to attend such additional courses, seminars, and other training programs as Franchisor may reasonably require. Franchisor may charge a reasonable tuition for these additional courses, seminars, or other training programs, and you are responsible for all training-related costs and expenses including, without limitation, salary, travel, lodging, and dining costs for all employees who participate in the training.

5.7. Continuing Education Requirement. You shall cause each Salon employee providing services which require, by law, a license or certification, to complete, to Franchisor's satisfaction, Franchisor's continuing education requirement. Franchisor may, in its sole discretion, exempt certain employees from such required continuing education, if Franchisor deems that the continuing education required by the licensing or certifying State meets Franchisor's minimum continuing education requirements. Upon Franchisor's request, you must provide proof of renewed license or certification, or proof of completion of continuing education requirements for each Salon employee required, by law, to be licensed or certified. You are responsible for all costs related for each technician's attendance including, but not limited to, Franchisor's then-current tuition, your employees' salary, and all travel expenses.

5.8. Additional On-Site Training. In the event that you fail two consecutive quality inspections or, for a continuous four-month period, the Salon does not generate sufficient monthly Gross Revenue to require you to pay to Franchisor more than the minimum Royalty Fee amount indicated on the Summary Pages, Franchisor may, in its sole discretion, require the Managing Owner and your General Manager (or, if the Managing Owner is the General Manager then one additional employee) to attend up to three days of on-site training. You will bear all costs for such additional training including, but not limited to Franchisor's current daily rate for providing such training and all travel expenses.

5.9. Performance by Delegate. You acknowledge and agree that any rights or duties of Franchisor may be exercised and/or performed by any of Franchisor's designees, agents, or employees.

6. OPERATION OF THE FRANCHISED BUSINESS

6.1. General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Proprietary Marks and the integrity of the brand. Accordingly, you agree as follows:

(a) To operate the Franchised Business according to the highest applicable health and safety standards and ratings, to timely obtain or cause employees to obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Franchised Business, to operate the Franchised Business according to Franchisor's operating methods, standards, and specifications, and to maintain, at all times, a high moral and ethical standard in the operation of the Franchised Business.

(b) To notify Franchisor by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health or safety regulations, and notify Franchisor in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

(c) Upon the occurrence of a Crisis Management Event, to immediately inform Franchisor's President (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

6.2. Managing Owner; General Manager.

6.2.1. The Salon must be supervised by a General Manager. The Managing Owner may also be the General Manager. The Managing Owner shall have oversight of the General Manager and the General Manager shall have full control (the extent granted by Franchisee) over day-to-day Salon management and operations. The Managing Owner and the General Manager must attend and successfully complete Franchisor's initial training program and all additional training that Franchisor requires, to Franchisor's satisfaction. The General Manager shall devote his or her full time efforts to Salon operations, and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. Franchisor shall have approved the Managing Owner as meeting its then-current qualifications for such position.

6.2.2. If the General Manager ceases to serve in, or no longer qualifies for, such position, you shall designate another qualified person to serve as your General Manager within 30 days after the date the prior General Manager ceases to serve or no longer qualifies to serve. Any proposed replacement General Manager must successfully complete the initial training program and such other training required by Franchisor, and be approved by Franchisor, before assuming his or her position as General Manager and, in no event, later than 90 days after the previous General Manager ceased to serve in such position.

6.3. Employee Policy; Uniforms and Employee Appearance. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees and/or independent technicians preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. You shall cause all employees and/or independent technicians, while working at the Salon, to: (a) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (b) present a neat and clean appearance. In no case shall any of your employees and/or independent technicians wear his or her THE LASH LOUNGE® uniform while working for you at any location other than the Franchised Business.

6.4. Authorized Services and Product Offerings.

6.4.1. You must offer and sell all services and products that Franchisor requires, and only those services and products that Franchisor has approved. Franchisor may add, eliminate and change

authorized services and/or products, in its sole discretion, and you must comply with all directives (which may require purchasing and installing additional equipment). You shall package all products in accordance with Franchisor's standards and procedures as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, use of packing and marketing paraphernalia bearing the Proprietary Marks, and other standards for displaying for sale the proprietary products and other boutique merchandise. You shall participate in all market research programs that Franchisor requires, which includes test-marketing new services and/or products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new services and/or products. You shall provide Franchisor with timely reports and test results for all such programs.

6.4.2. You are expressly prohibited from providing any permanent makeup services without Franchisor's prior written consent. Franchisor's written consent shall be substantially in the form of the Permanent Makeup Services Addendum included as Attachment G to this Agreement.

6.5. Purchase Requirements.

6.5.1. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, décor, signs, and other items as Franchisor may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Salon premises any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not approved for use by Franchisor. In addition, you shall purchase and use only products, packaging materials, and supplies as conform to Franchisor's standards and specifications; and shall purchase, use, offer and/or promote THE LASH LOUNGE® products which are produced or manufactured in accordance with Franchisor's proprietary specifications and/or formulas or which Franchisor designates as "**Proprietary Products**".

6.5.2. Approximately 60 days prior to the opening of the Salon, you must purchase from Franchisor your initial inventory of its private label cosmetics and skin care products ("**Private Label Products**"). The purchase price of this initial inventory of Private Label Products will vary depending on the quantity and mix of product Franchisor deems necessary to meet your customer demand. If for any reason the Salon does not open for business (other than in the event the parties mutually agree to extend the originally established Opening Date), Franchisor will refund the cost of your initial inventory purchase subject to Franchisor's receipt of the unopened, undamaged, complete inventory; otherwise the fee is not refundable. Once the Salon is open for business you must on an on-going basis maintain a minimum level of inventory as determined by Franchisor in its discretion.

6.6. Purchases from Designated Sources. Franchisor and its Affiliates may act as suppliers of goods, services, products, and/or supplies to be purchased by you, including, without limitation, the Proprietary Products and your computer hardware and software ("**Goods and Services**"), and may designate themselves as the sole suppliers of any such Goods and Services. You shall purchase your requirements of Goods and Services from Franchisor or its designated sources, which purchase price shall also include all shipping costs. Such Goods and Services shall be made available for purchase at then-current published prices according to the supplier's then-current purchase terms and conditions. You shall purchase all other products, equipment, supplies and materials used or sold by the Franchised Business, including, without limitation the Proprietary Products, solely from suppliers (including Franchisor, or its Affiliates, and manufacturers, wholesalers, and distributors) who demonstrate, to Franchisor's continuing reasonable satisfaction, the ability to meet Franchisor's reasonable standards and specifications for such items, who possess adequate quality controls and capacity to supply your needs promptly and reliably, and who have been approved by Franchisor in the Manuals or otherwise in writing and not thereafter disapproved. You acknowledge and agree that Franchisor and its Affiliates may negotiate purchase arrangements with suppliers for your benefit and may derive revenue or obtain rebates, bulk pricing discounts or allowances for their own account from approved or designated suppliers if rebates or other considerations become available because of your purchases of products or services. If you desire to

purchase products from other than approved suppliers, you shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require, or shall request the supplier itself to do so. Franchisor shall have the right to inspect and evaluate the supplier's facilities and products to be supplied, and you shall pay all of Franchisor's reasonable expenses incurred in so doing. Franchisor may from time to time re-inspect and re-evaluate the facilities and products of any approved supplier and revoke its general approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier.

6.7. Franchised Location.

6.7.1. You shall maintain the Salon (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Franchisor's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Franchisor may reasonably direct. Upon Franchisor's request, you shall install and maintain at the Franchised Business interactive multi-media equipment, devices, and facilities Franchisor requires, including, without limitation, approved music systems, wi-fi and other wireless internet and communications systems, and interactive displays, including plasma or LCD screens.

6.7.2. You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

6.7.3. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Franchisor's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, decor, signs, vending or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications.

6.7.4. At Franchisor's request, you shall make such alterations as may be necessary to reflect new product offerings and marketing incentives, including updating or replacement new interior signage, graphics, and/or point of sale materials.

6.7.5. At Franchisor's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other Sections of this Agreement), you shall refurbish the Franchised Location, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current public image for new or remodeled THE LASH LOUNGE® Salons in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by law.

6.8. Days and Hours of Operation. You shall cause the Salon to be open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or in other written directives.

6.9. Quality Assurance Inspections; Testing. Franchisor shall have the right to enter upon the Salon premises during regular business hours to inspect the Salon for quality assurance purposes. You shall allow Franchisor from time to time to obtain samples of ingredients, products and supplies, without charge, to test for quality assurance purposes.

6.10. Modification to the System. At your own expense, you shall make such alterations, additions, or modifications to the Franchised Location as Franchisor may reasonably require to implement changes to the System, including, without limitation, changes to products, services or market positioning. You shall make all such changes within 90 days from receipt of notice. You shall not implement any modification to the System without Franchisor's express prior written consent.

6.11. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services.

6.12. Intranet/Extranet System. Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of THE LASH LOUNGE® franchise network may communicate and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely, and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may temporarily suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until such time as you fully cure the breach.

6.13 Website. Franchisor may, but shall not be obligated to, establish and maintain from time to time Franchisor's Website to provide information about the System and the goods and services that THE LASH LOUNGE® Salons provide, even though Franchisor's Website is accessible by persons in your trade area. Franchisor has sole discretion and control over the design and content of Franchisor's Website.

7. PROPRIETARY MARKS AND COPYRIGHTS

7.1. Franchisor's Representations. Franchisor represents to you that it has obtained from its Affiliate a license to use and to sublicense to you the right to use the Proprietary Marks in accordance with the terms and conditions of this Agreement.

7.2. Acknowledgments. You expressly acknowledge that Franchisor or its Affiliate owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with the Proprietary Marks, and that you have no ownership interest in the Proprietary Marks. You agree not to use any other Proprietary Marks or any marks, names or indicia of origin that are or may be confusingly similar to the Proprietary Marks in your own corporate or business name except as authorized in this Agreement. You further acknowledge and agree that any and all goodwill associated with the Salon and identified by the Proprietary Marks is Franchisor's property and shall inure directly and exclusively to the benefit of Franchisor and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Proprietary Marks. You understand and agree that any use of the Proprietary Marks other than as expressly authorized by this Agreement, without Franchisor's prior written consent, may constitute an infringement of Franchisor's rights herein and that the right to use the Proprietary Marks granted herein does not extend beyond the termination or expiration of this Agreement.

7.3. Use of the Proprietary Marks. You shall use only the Proprietary Marks designated by Franchisor, shall use them only in the manner that Franchisor authorizes and permits, and shall use them with the symbols "®", "TM", or "SM", as appropriate. You shall use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Franchisor. You may not contest ownership or validity of the Proprietary Marks or any

registration thereof, or engage in any conduct that adversely affects the ownership or registration of the Proprietary Marks, or Franchisor's right to use or to sublicense the use of the Proprietary Marks. You shall execute all documents that Franchisor requests in order to protect the Proprietary Marks or to maintain their validity and enforceability.

7.4. Restriction Against Use in Your Corporate Name. You may not use the Proprietary Marks or any part thereof in your corporate name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf.

7.5. Restriction Against Use of the Proprietary Marks and Copyrighted Works on the Internet.

7.5.1. You may not use the Proprietary Marks or any part or derivative thereof or any of Franchisor's Copyrighted Works on the Internet, except as expressly permitted in writing. Without limiting the generality of the foregoing, you may not use the Proprietary Marks or any part or derivative of the Proprietary Marks as part of any URL or domain name, and may not register as part of any user name on any website (including commercial, gaming, video sharing, user review, and social networking websites), or as part of any unauthorized email address. You also may not display on any website (including commercial, gaming, video sharing, user review, and social networking websites) Franchisor's Copyrighted Works, which include the design portion of its Proprietary Marks, or any collateral merchandise identified by the Proprietary Marks.

7.5.2. Franchisor or its designee will create a single website page, or "microsite," for your Salon (the "**Salon Microsite**") as well as create and customize certain social media accounts and related pages for use in connection with the Salon ("**Salon Social Media Portals**"). For the creation of the Salon Microsite and Salon Social Media Portals you agree to pay to Franchisor, at the time you execute this Agreement, the Microsite and Social Media Page Creation and Customization Fee identified in the Summary Pages. The Salon Microsite and all Salon Social Media Portals will be constructed and maintained in accordance with THE LASH LOUNGE® System standards and specifications and you agree to abide by any and all social media policies Franchisor implements in connection with your Internet presence. All services required for the creation and maintenance of the Salon Microsite and Salon Social Media Pages, including but not limited to, all graphic design, website design, coding, hosting, services, security, and editing and access capabilities shall be provided by Franchisor or approved suppliers. You further agree that Franchisor may, at all times, for itself or through approved suppliers, retain full control of the Salon Microsite and Salon Social Media Portals and may monitor and assign to you such editing and access rights as Franchisor deems appropriate in its discretion. Franchisor shall also retain the right to edit the Salon Microsite and Salon Social Media Portals as it deems appropriate for the purpose of ensuring consistent and uniform use of the Marks, and compliance with THE LASH LOUNGE® System standards and specifications.

7.6. Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Proprietary Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Salon as Franchisor may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

7.7. Infringement. You shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrighted Works, or any challenge to Franchisor's or its Affiliate's ownership of, Franchisor's license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Franchisor or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement thereof. Franchisor or its Affiliate has the right, but not the obligation, to take action against third parties for infringement of the Proprietary Marks or Copyrighted Works. Franchisor shall defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or

Copyrighted Works. If Franchisor, in its sole discretion, determines that you have used the Proprietary Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that you have not used the Proprietary Marks or Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse you for your associated costs.

7.8. Changes to the Proprietary Marks. Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Proprietary Marks for your use and to require your use of any such new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with any such directive within 60 days following your receipt of Franchisor's written notice to you, and you are responsible for all related costs and expenses.

8. SYSTEM, MANUALS, AND INFORMATION

8.1. Manuals. Franchisor will provide you on loan one copy of the Manuals. You shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of Franchisor and shall be kept in a secure place at the Franchised Location. You shall ensure that your copy of the Manuals are kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling.

8.2. System Modification. You acknowledge that the System, Franchisor's Confidential Operations Manuals and the Manuals, and the products and services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Franchisor. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration and modifications to existing improvements, including structural changes. Franchisor shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 8.2. No such modification will alter your fundamental status and rights as a franchisee under this Agreement.

8.3. Confidentiality. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the operation of the Franchised Business, and shall divulge Confidential Information only to your employees and only on a need to know basis. This obligation shall survive termination or expiration (without renewal) of this Agreement.

9. ADVERTISING AND MARKETING

9.1. General. All of your promotional and marketing materials shall be presented in a dignified manner and shall conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor shall use good faith efforts to approve or disapprove proposed promotional and marketing materials within 15 days of their receipt. You may not use the promotional or marketing materials until Franchisor expressly

approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

9.2. Grand Opening Expenditure. You agree to spend at least the amount indicated on the Summary Pages to promote your Salon's grand opening. Franchisor will assist you in creating a marketing and promotional strategy for the grand opening of your Salon and you agree to spend the grand opening expenditure requirement in accordance with this approved plan. All expenditure amounts related to the Salon's grand opening must be approved by Franchisor in advance. You agree to provide Franchisor with proof of the expenditures required under this Section immediately on Franchisor's request.

9.3. Marketing Fee. You must pay to Franchisor a marketing fee (the "**Marketing Fee**") in the amount stated on the Summary Pages. In consideration for the Marketing Fee, Franchisor will provide such advertising, marketing, and promotional services as Franchisor deems appropriate in its sole discretion. Franchisor may collect the Marketing Fee on such periodic basis as Franchisor specifies, which may be weekly, monthly, or otherwise.

9.4. Local Advertising. At Franchisor's election, franchisor may require you to: (a) spend the minimum amount noted on the Summary Pages in your local market to promote the Salon; or (b) pay such amounts to Franchisor, in the same manner as Royalty Fees and on such Due Date as Franchisor designates, to be spend on advertising and marketing campaigns in your market area. If Franchisor requires you to spend such amounts directly, then you shall provide proof of such expenditure according to the procedures Franchisor requires. Also if Franchisor requires you to spend such amounts directly, then at least 30 day prior to the beginning of each calendar quarter, you must submit to Franchisor your advertising campaign and budget for Franchisor's review and approval.

9.5. Loyalty Programs, Prize Promotions, and Promotional Literature.

9.5.1. You shall participate in and offer to your customers: (a) all customer loyalty and reward programs; and (b) all contests, sweepstakes, and other prize promotions; which Franchisor may develop from time to time. Franchisor will communicate to you in writing the details of each such program or promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Salon as Franchisor may designate. You shall purchase and distribute all coupons and other collateral merchandise designated by Franchisor for use in connection with each such program or promotion.

9.5.2. If Franchisor develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and/or loyalty cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift certificates and/or loyalty cards accepted as payment for products and services sold by the Salon.

9.5.3. You also shall display at the Salon all promotional literature and information as Franchisor may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about THE LASH LOUNGE® franchise offering.

9.5.4. You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time to time. Any reasonable and customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

9.6. Participation in Marketing Programs. You shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, advertising, cooperative advertising and purchasing programs or promotional programs (including, without limitation, product give-away promotions) which may be developed and implemented by Franchisor. Participation may include, without limitation, purchasing (at your expense) and using (a) point of sale materials, (b) counter cards, displays, and give away items promoting loyalty programs, prize promotions, and other marketing campaigns and programs, and (c) equipment necessary to administer loyalty programs and to prepare and print customized purchase receipts, coupons, and similar items.

9.7. Advertising Cooperatives. Franchisor may, from time to time, form local or regional advertising cooperatives (“**Advertising Cooperative**”) to pay for the development, placement and distribution of advertising for the benefit of Salons located in the geographic region served by the Advertising Cooperative. Any Advertising cooperatives established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the aforementioned purposes. If Franchisor forms an Advertising Cooperative for the region in which the Salon is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 9.7.

9.7.1. Franchisor shall have the exclusive right to create, dissolve and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto; provided that such documents shall: (a) operate by majority vote, with each THE LASH LOUNGE® Salon (including Salons owned by Franchisor or its Affiliates) entitled to one vote, (b) entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its operation of Salons in the area served by the Advertising Cooperative, (c) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and (d) provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination.

9.7.2. You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

9.7.3. No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval

9.7.4. Fees paid by you as contribution to an Advertising Cooperative established in your geographic area shall be credited towards your local advertising requirement as set forth in the Summary Pages.

10. **COMPUTER SYSTEM; ACCOUNTING AND RECORDS; TAXES**

10.1. Computer System. You shall acquire and use only the point of sale cash registers and computer systems and equipment that Franchisor prescribes for use by THE LASH LOUNGE® Salons (“**Computer System**”), and adhere to Franchisor's requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. As technology or software is developed in the future, Franchisor may, in its sole discretion, require you to add to your Computer System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your Computer System and software as Franchisor prescribes. You shall acquire, install and maintain such anti-virus and anti-spyware software as Franchisor requires, and shall adopt and implement such Internet user policies as Franchisor may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the Computer System.

10.2. Software. You shall: (a) use any proprietary software programs, system documentation manuals, and other proprietary materials that Franchisor requires in connection with the operation of the Salon; (b) input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and (c) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, “terms of use” agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees imposed thereunder.

10.3. Independent Access. Franchisor may independently poll Gross Revenue and other information input and compiled by your Computer System from a remote location. There is no limitation on Franchisor’s right to access this information, nor on Franchisor’s use of the information obtained via such access.

10.4. Preparation and Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Franchisor prescribes. In order to obtain System-wide consistent and comparative information, Franchisor may prescribe from time to time, and you agree to abide by and use, such forms, templates, and/or methods for the preparation and submittal of financial and other Salon-related records and information.

10.5. Submission of Financial Statements and Tax Returns. No later than March 30 of each calendar year, you shall provide to Franchisor (a) a copy of the previous year’s annual profit and loss statements; (b) a copy of the previous year’s sales tax returns; and (c) a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business.

10.6. Submission of Performance Reports. You shall accurately report to Franchisor the Salon’s Gross Revenue, expenses, and such other financial information, as Franchisor may reasonably require, using the procedures, forms, and methods Franchisor prescribes periodically. Reports shall be due on the date prescribed by Franchisor, and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to Franchisor a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the period requested by Franchisor. You also shall provide to Franchisor such other reports, computer back-up and other information that Franchisor may reasonably request.

10.7. Audit of Franchisee Records. Franchisor or its designated agent shall have the right to audit, examine and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Franchisor, you shall immediately pay the understated amount with interest as provided in Section 4.10. If an audit or inspection reveals your understatement of Gross Revenues by 2% or more during any continuous six month period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse Franchisor all costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys’ and accountants’ fees).

10.8. Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Franchisor to publish information concerning the Salon’s Gross Revenues and other information reported to Franchisor in its franchise disclosure document.

10.9. Taxes. You shall promptly pay all taxes due and owing based on your operation of the Salon and the Franchised Business including, without limitation, sales taxes, income taxes, and property taxes.

11. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

11.1 Independent Contractor. The parties acknowledge and agree that you are operating the Franchised Business as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party shall have fiduciary obligations to the other, or be liable for the debts or obligations of the other. Neither party shall have the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, nor contract any debts or obligations on behalf of the other party, or their affiliates, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the Franchised Business in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

11.2. Insurance Obligations.

11.2.1. You shall maintain in full force and effect at all times during the term of this Agreement, at your expense, an insurance policy or policies protecting you, Franchisor and its Affiliates, and their respective partners, shareholders, directors, members, managers, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the Franchised Business.

11.2.2. Such policy or policies shall: *(a)* be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; *(b)* name Franchisor and its Affiliates, and their partners, officers, subsidiaries, affiliates, shareholders, directors, managers, members, regional directors, agents, and employees as additional insureds on a primary non-contributory basis, *(c)* the additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor); and *(d)* comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as described within Franchisor's written notice to you.

11.2.3. Such policies shall include, at the minimum, the following policies: *(a)* "All risk" or "special" property insurance, covering all real and personal property and equipment on a replacement costs basis, including business interruption and extra expense insurance on an actual loss sustained basis, *(b)* comprehensive general liability insurance, including products and completed operations in an amount of not less than the following combined single limits: \$1,000,000 per occurrence, \$1,000,000 personal and advertising injury, \$1,000,000 completed operations/products aggregate, \$2,000,000 aggregate per location; *(c)* automobile liability coverage, including coverage of owned, non-owned, rented or hired vehicles with coverage in amounts not less than \$1,000,000 combined single limit, *(d)* employment practices liability coverage with a limit of \$500,000 per occurrence and in the aggregate, *(e)* professional liability insurance for all health or beauty licensed professionals with minimum coverage of \$1,000,000 per occurrence, *(f)* workers' compensation insurance for statutory limits, *(g)* employer's liability insurance in an amount not less than \$1,000,000, and *(h)* any insurance as is necessary to comply with all legal requirements concerning insurance coverage for you and your personnel attending Franchisor's training programs. Each year Franchisor may unilaterally modify the insurance minimum coverage requirements which may include an increase to the minimum coverage requirements to reflect changes in inflation or as market conditions warrant.

11.2.4. In connection with any and all insurance that you are required to maintain under Section 11.2., you and your insurers shall agree to waive their rights of subrogation against Franchisor, and you shall provide evidence of such waiver in accordance with this Section 11.2. Franchisor may unilaterally modify these insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change.

11.2.5. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 11.3. of this Agreement.

11.2.6. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, partners, members, managers, shareholders, officers, directors, agents, or employees by reason of your negligence.

11.2.7. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor certificate of insurance evidencing your compliance with this Article 11. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

11.2.8. If you fail to procure or maintain these minimum insurance requirements, Franchisor or its designee shall have the right and authority (but not the obligation) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium upon demand.

11.3. **Indemnification.** You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, members, employees, shareholders, and agents, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business including, but not limited to, claims arising as a result of the maintenance and operation of vehicles or the Franchised Location (collectively an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 11.3., the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the System.

12. TRANSFER OF INTEREST

12.1. Transfer by Franchisor. Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Products, the Proprietary Marks or Copyrighted Works, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Products, the Proprietary Marks (or any variation thereof) and System and/or the loss of association with or identification of The Lash Lounge Franchise, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as THE LASH LOUNGE® Salons operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Franchised Business).

12.2. Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if (a) the Business Entity is formed solely for purposes of operating the Franchised Business, and (b) you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed. For transfers described in this Section 12.2 you must pay to Franchisor the amount set forth in the Summary Pages.

12.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: (a) you have provided to Franchisor advance notice of the transfer, (b) Attachment C has been amended to reflect the new ownership; (c) each new Owner has signed a Personal Guaranty and Undertaking in the form of Attachment D-1; and (d) you pay to Franchisor the transfer fee set forth in the Summary Pages.

12.4. Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Salon, and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

12.4.1. You shall have requested consent in writing and delivered to Franchisor a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of the Franchised Business.

12.4.2. The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral

character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

12.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

12.4.4. You or the transferee shall have agreed to refurbish the Salon premises so that it meets Franchisor's image requirements for a new THE LASH LOUNGE® Salon;

12.4.5. You and each Owner shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

12.4.6. You or the transferee shall have paid the Transfer Fee in the amount set forth in the Summary Pages;

12.4.7. The transferee shall have executed Franchisor's then-current form of franchise agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different percentage royalty fee and different advertising obligations. The term of such agreement shall be the remaining term of this Agreement at the time of transfer. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of 10 years) by paying an extended term fee ("**Extended Term Fee**") as identified in the Summary Pages.

12.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Personal Guaranty and Undertaking;

12.4.9. The transferee shall have complied with Franchisor's then-current initial training requirements; and

12.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

12.5. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

12.6. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

12.7. Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to

ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 12.4. and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

12.8. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: **(a)** the closing date specified in the third party offer; or **(b)** within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 12.8. shall not constitute a waiver of any of the transfer conditions set forth in this Article 12.

12.9. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any person with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 12.9., the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 13.5.

12.10. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

13. DEFAULT AND TERMINATION

13.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record

for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

13.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** your Managing Owner or General Manager fails to successfully complete training; **(b)** you fail to acquire a site by the Control Date **(c)** you fail to open the Salon for business by the Opening Date; **(d)** you abandon the Franchised Business (which will be presumed if you cease operations for three consecutive business days or more); **(e)** you lose any license required to operate the Franchised Business or you lose your right to occupy the Salon premises; **(f)** you or any Owner or General Manager is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(g)** there is any transfer or attempted transfer in violation of Article 12 of this Agreement; **(h)** you or any Owner fails to comply with the confidentiality or non-compete covenants in Section 15.1. of this Agreement; or **(i)** you or any Owner has made any material misrepresentations in connection with your franchise application; **(j)** you fail to comply with notification requirements set forth in Sections 6.1.(b) or (c) concerning investigations and Crisis Management Events; **(k)** you understate any payment to Franchisor by 2% or more, or understate any such payment in any amount, twice in any two-year period; **(l)** if an imminent threat or danger to public health or safety results from the operation of the Franchised Business; **(m)** you knowingly maintain false books or records or submit any false reports or statements to Franchisor; **(n)** you offer unauthorized products or services (including permanent makeup services without first obtaining Franchisor's prior written consent) from the Salon premises or in conjunction with the Proprietary Marks or Copyrighted Works; **(o)** purchase items for which Franchisor has identified approved or designated supplier or distributor from an unapproved source; **(p)** you fail to pass two or more quality assurance/health inspections within any rolling 12-month period; **(q)** you fail to participate in any advertising or marketing program pursuant to Sections 9.5. or 9.6. on two or more occasions within any rolling 12-month period, or **(r)** Franchisor delivers to you two or more written notices of default pursuant to this Article 13 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

13.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to Franchisor; **(c)** you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); **(d)** you fail to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; **(e)** failure to comply with your minimum monthly local advertising expenditure requirements; **(f)** your violation of any provision of this Agreement concerning the use and protection of the Proprietary Marks or Copyrighted Works; **(g)** your violation of any provision of this Agreement concerning the packaging, service, appearance or quality of THE LASH LOUNGE® products; or **(h)** failure to cure deficiencies determined through a quality assurance inspection.

13.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 13, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

13.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 12.9. is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

13.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

13.7. Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Franchisor may require the Salon be closed during any cure period relating to a default based on public health and safety concerns.

14. POST TERMINATION OBLIGATIONS

14.1. Cease Use of Proprietary Marks and Copyrighted Works; Cancellation of Fictitious Name; Assignment of E-mail Addresses, URLs, Domain Names, Internet Listings. Upon termination or expiration of this Agreement, you shall immediately cease all use of the Proprietary Marks, Copyrighted Works and Confidential Information. You shall cancel any assumed name registration containing the Proprietary Marks. You shall, at Franchisor's option and request, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business.

14.2. Assignment of Lease; De-Identification. At Franchisor's request, you shall assign to Franchisor or its designee your interest in the lease. If Franchisor does not request assignment of the lease before or as of the date of expiration or termination of this Agreement, then within 10 days after termination or expiration of this Agreement, you shall modify the Salon premises (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Franchisor of, the telephone numbers) as may be necessary to distinguish the appearance of the Franchised Location from that of other THE LASH LOUNGE® Salons, and shall make such specific additional changes to the Franchised Location as Franchisor may reasonably request for that purpose.

14.3. Return of Manuals and Other Confidential Information. You shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in your possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

14.4. Franchisor's Right to Purchase, Fixtures, and Tangible Assets. Franchisor shall have the option to purchase any or all of the Salon's leasehold improvements, furniture, fixtures, equipment, inventory, supplies, and interior and exterior signs at their then-current fair market value, to be determined by a qualified independent third party of Franchisor's choosing, and may set off against the purchase price any amounts that you owe to Franchisor. Franchisor shall exercise its option by written notice to you delivered on or before the date of expiration or termination of this Agreement.

15. COVENANTS

15.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

15.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or

indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

15.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

15.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks.

15.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: (a) a transfer permitted under Article 12 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or (b) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor, and (i) is, or is intended to be, located at the location of the former Franchised Business; or (ii) within a 20-mile radius of the Salon or any other salon operating under the System and Proprietary Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 15.2. shall be tolled during any period of noncompliance.

15.3. Additional Provisions. The parties acknowledge and agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 15.1. and 15.2., or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants in this Article 15. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 15.

15.4. Covenants from Individuals. Each individual who attends Franchisor's training program shall be required to sign a confidentiality and non-competition agreement substantially in the form attached as Attachment D-2 to this Agreement. You shall be responsible for ensuring compliance with such agreement.

15.5. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 15 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

15.6. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.7. Improvements. If you, your employees, or Owners develop any new concept, process or improvement in the operation or promotion of THE LASH LOUNGE® Salon (an "**Improvement**"), you agree to promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such Improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Owners hereby assign to Franchisor any rights you or your Owners may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Owners agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. You and your Owners hereby irrevocably designate and appoint Franchisor as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 15.7. are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights therein.

16. REPRESENTATIONS

16.1. Representations of Franchisor. Franchisor represents and warrants that (a) Franchisor is duly organized and validly existing under the law of the state of its formation; (b) Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and (c) the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

16.2. Representations of Franchisee.

16.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that (a) you are duly organized and validly existing under the law of the state of your formation; (b) you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; and (c) your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to THE LASH LOUNGE® Salon; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

16.2.2. You acknowledge that you have conducted an independent investigation of THE LASH LOUNGE® franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

16.2.3. Except for representations contained in Franchisor's Franchise Disclosure Document provided to you in conjunction with this franchise offering, you represent that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential gross revenues, expenses or profit of a THE LASH LOUNGE® salon.

16.2.4. You acknowledge that you have received a complete copy of Franchisor's Franchise Disclosure Document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

16.2.5. You acknowledge that you have read and that you understand the terms of this Agreement and its Attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

16.2.6. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, officers, directors, managers, members, partners, agents or employees, or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

17. NOTICES

17.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by facsimile or other electronic system. Service shall be deemed conclusively made **(a)** at the time of service, if personally served; **(b)** 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; **(c)** upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; **(d)** 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and **(e)** at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

18. CONSTRUCTION

18.1. Entire Agreement. This Agreement and any other agreements executed by the parties concurrently with the parties' execution of this Agreement represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the Franchise Disclosure Document (including its Exhibits and amendments) that Franchisor delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

18.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in

evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

18.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

18.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

18.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms shall have the meaning ascribed to them in Attachment A (“**Glossary of Additional Terms**”). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

18.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. Each Owner shall execute the Personal Guaranty and Undertaking attached as Attachment D-1. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person’s obligations hereunder and under the Personal Guaranty and Undertaking.

18.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

18.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

19. APPLICABLE LAW; DISPUTE RESOLUTION

19.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties’ relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

19.2. Mediation.

19.2.1. The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor’s and its Affiliate’s respective owners, officers, directors, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to *(a)* this Agreement or any other agreement between Franchisor and you, *(b)* Franchisor’s relationship with you, or *(c)* the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

19.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization (“AAA”) in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the

city where Franchisor maintains its principal business offices. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

19.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 19.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

19.2.4. Notwithstanding the foregoing provisions of this Section 19.2.4., the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Proprietary Marks, Copyrighted Works or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

19.3. Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 19.2., the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the state and federal judicial district courts located in the county where Franchisor maintains its principal business address at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

19.4. Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.5. WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

19.6. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

19.7. Right to Injunctive Relief. Nothing in this Agreement contained shall bar Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

19.8. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

19.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS**

“**Account**” means your commercial bank operating account.

“**Affiliate**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“**Agreement**” means the Franchise Agreement.

“**Business Day**” means each day other than a Saturday, Sunday, U.S. holiday or any other day on which the Federal Reserve is not open for business in the United States.

“**Business Entity**” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“**Confidential Information**” means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Franchisor’s standards and specifications for all services and products offered at THE LASH LOUNGE® Salons; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Franchise Agreement, and all other information that Franchisor designates.

“**Control Date**” means the date specified in the Summary Pages which is the date you must acquire a site approved by Franchisor for the development of the Salon.

“**Copyrighted Works**” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor’s product packaging, and advertising and promotional materials, and the content and design of Franchisor’s Website and advertising and promotional materials.

“**Crisis Management Event**” means any event that occurs at or about the Salon premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

“**Gross Revenue**” means the aggregate of: *(a)* all revenue from the sale of products and services, whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a THE LASH LOUNGE® Salon; *(b)* all monies, trade value or other things of value that you receive from Salon operations at, in, or from the Salon premises that are not expressly excluded from Gross Revenue; and *(c)* business interruption insurance proceeds. Gross Revenue does not include: *(i)* the exchange of merchandise between THE LASH LOUNGE® Salons (if you operate multiple Salons) if the exchanges

are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Salon premises; *(ii)* returns to shippers, vendors, or manufacturers; *(iii)* sales of fixtures or furniture after being used in the conduct of the Franchised Business; *(iv)* cash or credit refunds for transactions included within Gross Revenue (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); *(v)* the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both *(1)* added to the selling price or absorbed therein and *(2)* paid to the taxing authority by you. Customer refunds may be deducted from Gross Revenue if the charge was previously included in Gross Revenue.

“General Manager” means an individual who Franchisee has designated, and Franchisor has approved, who has full control over the day-to-day management and operations of the Salon, who has completed Franchisor’s initial training program and all additional training (including continuing education requirements for certified or licensed General Managers) that Franchisor requires, to Franchisor’s satisfaction, and who devotes his or her full time best efforts to Salon management and operations.

“Manuals” means manuals to which the franchisee has been provided access by Franchisor.

“Managing Owner” means the Owner appointed as the primary overseer of the operation of the franchised business and who holds a minimum 10% ownership interest in the franchisee. The Managing Owner may also be the General Manager.

“Owner” means each individual or entity holding a beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust.

“Proprietary Marks” means certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “THE LASH LOUNGE” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

“Manual” means the compilation of information and knowledge that is necessary and material to the System. The term Manual, as used in this Agreement, includes all publications, materials, drawings, memoranda, videotapes, CDs, DVDs, MP3s, and other electronic media that Franchisor from time to time may loan to you. The Manual may be supplemented or amended from time to time by letter, electronic mail, bulletin, videotape, CD, DVD, MP3, or other communications concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a THE LASH LOUNGE® Salon.

“Salon” means a physical structure, identified by the name THE LASH LOUNGE®, which is separated from other businesses by one or more exterior walls or interior demising walls, and at which semi-permanent and temporary eyelash extension services, eyelash and eyebrow tinting and eyelash perming services, permanent makeup services, makeup application services, facial threading services, and approved boutique products such as clothing, makeup accessories and Private Label Products are provided. The term "Salon" also includes facilities located in Closed Markets regardless of any differences (for example in offering, footprint, or structure) to other THE LASH LOUNGE® Salons.

“System” means a distinctive system relating to the establishment and operation of an upscale salon featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services such as eyelash and eyebrow tinting and eyelash perming, permanent makeup services including permanent eyeliner, lip liner, and eyebrows, makeup application services, and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trade name and trademark THE LASH LOUNGE®.

“You” means the franchisee identified above and its successors and assigns.

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT B
THE SITE SELECTION AREA, CONTROL DATE, FRANCHISED LOCATION,
OPENING DATE AND THE PROTECTED AREA**

Section 3.1. The Site Selection Area is: _____

Section 3.1. The Control Date is: _____

IN WITNESS WHEREOF, the parties have executed this Attachment B on this ____ day of _____, 20__.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

As of the date set forth below, the Franchise Location has been determined and, as such, Attachment B is supplemented as follows:

Section 1.1.2. The Franchised Location is at: _____

Section 3.5.1. The Opening Date is: _____

Section 1.2. The Protected Area is: _____

but excludes all Closed Markets within such area. A "**Closed Market**" is any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which eyelash extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties.

If the Protected Area is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Protected Area shall extend to the center line of each such street, highway, freeway or other roadway, or river, stream, or tributary.

[The Signature Page Follows]

IN WITNESS WHEREOF, the parties have supplemented this Attachment B on this ____ day of _____, 20____.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT C
ENTITY INFORMATION**

If the franchisee is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____, 20__.

(1) Franchisee is a _____, formed under the laws of the State of _____.

(2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the franchisee's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.

(4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST
_____	_____	_____
_____	_____	_____
_____	_____	_____

(5) The address where the Franchisee's financial records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT D-1
PERSONAL GUARANTY AND UNDERTAKING**

1. I have read the Franchise Agreement between The Lash Lounge Franchise, LLC and _____ (the “**Franchisee**”).
2. I own a beneficial interest in the Franchisee, and would be considered an “**Owner**” within the definition contained in the Franchise Agreement.
3. I understand that, were it not for this Personal Guaranty and Undertaking (the “**Guaranty**”), Franchisor would not have agreed to enter into the Franchise Agreement with the Franchisee.
4. I will comply with of the provisions contained in Article 7 of the Franchise Agreement concerning the Franchisee’s use of Franchisor’s Proprietary Marks and Copyrighted Works (as each term is defined in the Franchise Agreement). I understand that, except for the license granted to the Franchisee, I have no individual right to use the Proprietary Marks or Copyrighted Works and I have no ownership interest in the Proprietary Marks or Copyrighted Works.
5. I will comply with all of the provisions contained in Article 8 of the Franchise Agreement concerning the use of the Confidential Manuals and Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Franchise Agreement. I further agree not to disclose any of the Confidential Information, except *(a)* to the Franchisee’s employees on a need to know basis, *(b)* to the Franchisee’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and *(c)* as otherwise may be required by law.
6. I will comply with all of the provisions contained in Article 12 of the Franchise Agreement concerning the transfer of my ownership interest in the Franchisee.
7. While I am an Owner of the Franchisee and, for a two-year period after I cease to be an Owner (or two years after termination or expiration (without renewal) of the Franchise Agreement, whichever occurs first), I will not:
 - (a)* Divert or attempt to divert any present or prospective customer of THE LASH LOUNGE® Salon to any competitor or do anything to harm the goodwill associated with the Proprietary Marks and the System;
 - (b)* Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or induce such person to leave his or her employment; or
 - (c)* Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Franchise Agreement, whichever occurs first) to any location that *(i)* is, or is intended to be, located at the location of the former Franchised Business; or *(ii)* within a 20-mile radius of the Franchised Location or any other salon operating under the System and Proprietary Marks in existence or

under development at the time I cease being an Owner (or termination or expiration of the Franchise Agreement, whichever occurs first). This restriction will be tolled during any period of my noncompliance.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Guaranty, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. I agree that the provisions contained in Article 19 of the Franchise Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys' fees and costs.

11. I hereby guarantee the prompt and full payment of all amounts owed by the Franchisee under the Franchise Agreement, except for damages in the nature of lost profits or lost future royalties caused by the premature termination of the Franchise Agreement or early closure of THE LASH LOUNGE® Salon. I understand that I am not personally responsible for any lost profits or lost future royalties that Franchisor may incur based on the premature termination of the Franchise Agreement or early closure of THE LASH LOUNGE® Salon.

12. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Franchisee has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Franchisee before seeking recovery from me under this Guaranty.

13. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

14. I hereby waive *(a)* all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and *(b)* California Civil Code Sections 2899 and 3433.

15. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.**

16. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

17. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or

Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Intending to be legally bound, I have executed this Personal Guaranty and Undertaking on the date set forth below:

GUARANTOR

Dated: _____

Name: _____

Address: _____

Fax: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT D-2
CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees of Franchisee)**

In accordance with the terms of this Confidentiality and Non-Competition Agreement (“**Confidentiality Agreement**”) and in consideration of my being a _____ of _____ (the “**Franchisee**”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. _____ doing business as _____ (the “**Franchisee**”), has acquired the right and franchise from The Lash Lounge Franchise, LLC (“**Franchisor**”) to establish and operate a Franchised Business (the “**Franchised Business**”) and the right to use in the operation of the Franchised Business Franchisor’s trade names, trademarks, service marks, including the service mark THE LASH LOUNGE® (the “**Proprietary Marks**”) and the system developed by Franchisor and/or its affiliates for operation and management of Franchised Businesses (the “**System**”), as they may be changed, improved, and further developed from time to time in Franchisor’s sole discretion.

2. Franchisor possesses certain proprietary and confidential information relating to the operation of the System, which includes the Manuals, trade secrets, and copyrighted materials, methods, and other techniques and know-how (the “**Confidential Information**”).

3. Any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality Agreement.

4. As _____ of the Franchisee, Franchisor and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Franchisor’s operations manual (the “**Manual**”) and other general assistance during the term of this Confidentiality Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for a two (2) year period thereafter, either directly or indirectly, for myself or through, on behalf of, or in conjunction with

any other person, partnership, corporation, or other limited liability company own, maintain, engage in, be employed by, advise, assist, invest in, franchise, make loans to, or have any interest in any business that engages in salon services featuring eyelash extension services or permanent makeup services within a 20-mile radius of any THE LASH LOUNGE® Salon, as that term is defined in the Franchise Agreement. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Confidentiality Agreement. If all or any portion of a covenant in this Confidentiality Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Confidentiality Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Confidentiality Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Confidentiality Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Confidentiality Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Confidentiality Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Confidentiality Agreement is enforced against me. Due to the importance of this Confidentiality Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate, or justify any violation of this Confidentiality Agreement.

11. This Confidentiality Agreement shall be construed under the laws of the State of Texas. The only way this Confidentiality Agreement can be changed is in writing signed by both the Franchisee and me.

12. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the state courts located in Dallas County, Texas, and the United States District Court for the Northern District of Texas. I acknowledge that this Confidentiality Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's headquarters in Grapevine, Texas. In recognition of the information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas as set forth above. Notwithstanding the foregoing, I acknowledge and agree that Franchisor or the Franchisee may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

THE PARTIES HERETO, INTENDING TO BE LEGALLY BOUND, HAVE EXECUTED THIS CONFIDENTIALITY AGREEMENT AS OF THE DATES NOTED BELOW.

[EMPLOYEE]

ACKNOWLEDGED BY FRANCHISEE

Signature: _____

By: _____

Name: _____

Name: _____

Address: _____

Title: _____

Title: _____

Date: _____

Date: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT E
ACH AUTHORIZATION
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

Please complete and sign this form.

(a) Franchisee Information

Franchisee Name or Legal Entity _____

THE LASH LOUNGE® Salon Number & Location

Name and Email of Person to Receive ACH Debit Advice _____

I (we) hereby authorize The Lash Lounge Franchise, LLC (“Company”) to make ACH withdrawals from my (our) account at the financial institution named below. I also authorize the Company to initiate direct deposits into this account in the event that a debit entry is made in error. I (we) acknowledge that the origination of ACH transactions to or from my (our) account must comply with the provisions of U.S. law.

I agree to indemnify the Company for any loss arising in the event that any withdrawals from my (our) account shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

This agreement will remain in effect until the Company has received advanced written notice of cancellation from me (us) in such time and in such manner as to afford the Company a reasonable opportunity to act on it, and in no event shall such notice period be less than thirty (30) days.

Name of Financial Institution: _____

ABA Routing Number: _____

Account Number: _____

Checking

Savings

Authorized (Primary):

Signature

Date

:

Authorized Signature (Joint):

Date

:

Account holder(s), please sign here: *(Joint accounts require the signature of all persons having authority over the account)*

Please attach a voided check at right, fax and mail to:
The Lash Lounge Franchise, LLC, Attn: President
2200 Pool Road, Suite 106
Grapevine, Texas 76051
Fax: 817-900-9190

ATTACH CHECK HERE

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT F
LEASE ADDENDUM**

THIS LEASE ADDENDUM (the “**Lease Addendum**”) is made and entered into as of the ___ day of _____, 20___, by and between _____ (“**Landlord**”), with its principal offices at _____ and _____ (“**Franchisee**” or “**Tenant**”), with its principal offices at _____, and The Lash Lounge Franchise, LLC (“**Franchisor**”) with its principal offices at 2200 Pool Road, Suite 106, Grapevine, Texas 76051.

BACKGROUND

- A. The Lash Lounge Franchise, LLC or its affiliates, and their successors or assigns (“**Franchisor**”) franchises the operation of an upscale makeup salon , (each “**THE LASH LOUNGE[®] Salon**” or “**Salon**”) featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, and makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line, as well as in some cases permanent makeup services such as permanent eyeliner, lip liner, and eyebrows, under the name THE LASH LOUNGE[®] and/or other trademarks, service marks, logos, and other indicia of origin prescribed by Franchisor (collectively, the “**Proprietary Marks**”).
- B. Franchisee has acquired the right and has undertaken the obligation to develop and operate THE LASH LOUNGE[®] Salon pursuant to the terms and conditions of a certain franchise agreement between Franchisee and Franchisor (“**Franchise Agreement**”).
- C. Under the terms and conditions of the Franchise Agreement, Franchisor has the right to approve the site for the Salon; and if the Salon premises will be occupied pursuant to a commercial lease, Franchisor has prescribed certain lease terms and has the right to condition its approval of a proposed site on inclusion of the prescribed lease terms.
- D. Franchisee desires, and has requested Franchisor’s approval, to develop and operate one THE LASH LOUNGE[®] Salon at the premises (“**Premises**”) identified in the attached lease (“**Lease**”).
- E. Landlord desires to lease to Franchisee the Premises for purposes of developing and operating one THE LASH LOUNGE[®] Salon.
- F. The parties desire to modify and amend the Lease in accordance with the terms and conditions contained herein for purposes of obtaining Franchisor’s approval.

(1) During the term of the Franchise Agreement, the Premises will be used only for the operation of the Salon.

(2) Landlord consents to Franchisee’s use of such Proprietary Marks and signs, interior and exterior décor, furnishings, fixtures, items, color schemes, plans, specifications, and related components of THE LASH LOUNGE[®] System (as defined in the Franchise Agreement and as Franchisor may prescribe for the Salon).

(3) Landlord agrees to furnish Franchisor with copies of any and all letters and notices sent to Franchisee pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Franchisee.

(4) Franchisor will have the right to enter onto the Business premises at any time, to make any modification or alteration necessary to protect THE LASH LOUNGE® System and Proprietary Marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort, and the Landlord will not be responsible for any expense or damages arising from Franchisor's action in connection therewith.

(5) In the event of Franchisee's default under the terms of the Lease, Landlord shall promptly deliver notice of such default to Franchisor and shall offer Franchisor the opportunity to cure the default and to assume the Lease in Franchisor's name. If Franchisor elects to cure the default and assume the Lease, Franchisor, within 10 days of its receipt of notice from Landlord, shall notify Landlord of its intent to cure such default and to assume the Lease. If Franchisor elects to cure the default, it shall cure the default within 30 days of such election or, if the default cannot be reasonably cured within such 30 day period, then Franchisor will commence and proceed to cure the default within such time as is reasonably necessary to cure the default. If Franchisor elects to assume the Lease, Landlord agrees to recognize Franchisor as the tenant under the Lease and Franchisee will no longer have any rights there under.

(6) Franchisee will be permitted to assign the Lease to Franchisor or its affiliates upon the expiration (without renewal) or earlier termination of the Franchise Agreement and the Landlord hereby consents to such assignment and agrees not to impose or assess any assignment fee or similar charge or accelerate rent under the Lease in connection with such assignment, or require Franchisor to pay any past due rent or other financial obligation of Franchisee to Landlord, it being understood that Landlord will look solely to the Franchisee for any rents or other financial obligations owed to Landlord prior to such assignment. Landlord and Franchisee acknowledge that Franchisor is not a party to the Lease and will have no liability under the Lease, unless and until the Lease is assigned to, or assumed by, Franchisor.

(7) Except for Franchisee's obligations to Landlord for rents and other financial obligations accrued prior to the assignment of the Lease, in the event of such assignment, Franchisor or any affiliate designated by Franchisor will agree to assume from the date of assignment all obligations of Franchisee remaining under the Lease, and in such event Franchisor or any affiliate will assume Franchisee's occupancy rights, and the right to sublease the Premises, for the remainder of the term of the Lease. In the event of such assignment, neither Franchisor nor any affiliate will be required to pay to Landlord any security deposit.

(8) Notwithstanding anything contained in this Lease, Franchisor is expressly authorized, without the consent of the Landlord, to assign the Lease, or to sublet all or a portion of Premises, to an authorized franchisee. If Franchisor elects to assign the Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall be released of all obligations to Landlord under the Lease as of the date of assignment. If Franchisor elects to sublet the premises, such subletting shall be subject to the terms of this Lease, the subtenant/franchisee shall expressly assume all of Franchisor's obligations under the Lease, and Franchisor shall remain liable for the performance of the terms of this Lease. Franchisor shall notify Landlord as to the name of the subtenant/franchisee within 10 days after such assignment or subletting, as applicable.

(9) Franchisee will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor.

(10) Neither Landlord nor Franchisee shall amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(11) All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate. Notices required to be given to Franchisor shall be delivered to the following address: 2200 Pool Road, Suite 106, Grapevine, Texas 76051.

(12) This Lease Addendum shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

The terms of this Lease Addendum will supersede any conflicting terms of the Lease

IN WITNESS WHEREOF, the parties have executed this Lease Addendum as of the date first above written.

Landlord:

By: _____
Name: _____
Title: _____

Franchisee:

By: _____
Name: _____
Title: _____

The Lash Lounge Franchise, LLC

By: _____
Name: _____
Title: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT G
PERMANENT MAKEUP SERVICES ADDENDUM**

THIS PERMANENT MAKEUP SERVICES ADDENDUM (“**Addendum**”) is made and entered into as of the ___ day of _____, 20____, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”) with its principal offices at 2200 Pool Road, Suite 106, Grapevine, Texas 76051 and _____ with its principal offices at _____ (“**Franchisee**”).

BACKGROUND

- A. Franchisor and Franchisee, simultaneously with the execution of this Addendum, have entered into a franchise agreement (“**Franchise Agreement**”) under which Franchisee has been granted the right to operate a THE LASH LOUNGE® Salon (“**Salon**”) primarily featuring semi-permanent and temporary eyelash extension services as well as other eye-enhancing services and products.
- B. Franchisor grants to franchisees who qualify the right to provide permanent makeup services, such as permanent eyeliner, lip liner and eyebrows, in addition to the other services and products offered at the Salon.
- C. Franchisee has requested the right to offer permanent makeup services and, accordingly, agrees to provide such services pursuant to the terms and conditions of this Addendum and the Franchise Agreement.
- D. To this end, parties desire to modify and amend the Franchise Agreement in accordance with the terms and conditions contained herein.

AGREEMENT

In consideration of the mutual premises contained in this Addendum and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. License and Certification Requirements. Franchisee hereby warrants and represents that all technicians designated by Franchisee to provide permanent makeup services and related product application at the Salon location (“**Designated Technicians**”) will, at all times, be duly licensed and/or certified as required by all applicable Federal, State, and local laws.
- 2. Initial Training. Franchisee agrees to cause the Managing Owner, General Manager, and each Designated Technician to successfully complete Franchisor’s mandatory training related to permanent makeup services and product application.
- 3. Continuing Education. Franchisee acknowledges and agrees that each year all Designated Technicians will comply with Franchisor’s mandatory minimum continuing education requirements, which may be different from those of Franchisee’s other technicians. Furthermore, Franchisee agrees to bear the cost for the required continuing education of the Designated Technicians, which includes, but is not limited to, reasonable tuition imposed by Franchisor, and travel, lodging, meal, and salary expenses.
- 4. Default and Termination. Franchisee understands that Franchisee’s continuing right to provide permanent makeup services and related product application at the Salon is conditioned upon Franchisee’s compliance with the terms of this Addendum and that, upon any breach of the provisions in this Addendum, Franchisor may rescind the consent granted hereunder upon written

notice to Franchisee. Such notice will be provided in accordance with the terms under the Franchise Agreement. Upon receipt of such notice, Franchisee shall immediately cease to provide all permanent makeup services and/or products.

Notwithstanding Franchisor's rights as to the foregoing, Franchisor may elect at its discretion, to default Franchisee upon Franchisee's breach of this Addendum and provide a conditional cure period of ten (10) calendar days during which Franchisee may be required to cease all permanent makeup services offered at the Salon.

A default of any provision under this Addendum shall also serve as a default under the Franchise Agreement.

5. Capitalization. Any capitalized terms not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

IN WITNESS WHEREOF, the parties have executed this Permanent Makeup Services Addendum as of the date first above written.

THE LASH LOUNGE FRANCHISE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
Name: _____
Title: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT H
TELEPHONE NUMBER ASSIGNMENT AGREEMENT**

THIS TELEPHONE NUMBER ASSIGNMENT AGREEMENT is made as this ____ day of _____, 20__, (“**Assignment**”) by and between _____ (hereinafter the “**Assignor**”) and The Lash Lounge Franchise, LLC (hereinafter the “**Assignee**”).

WITNESSETH:

WHEREAS, the Assignee has developed and owns the proprietary system (“**System**”) for the operation of an upscale salon featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, and makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trademark and logo THE LASH LOUNGE (the “**Franchised Business**”);

WHEREAS, the Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated _____, 20__, in accordance with the System (“**Franchise Agreement**”);

WHEREAS, in order to operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

WHEREAS, as a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of the expiration or termination of the Franchise Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement expires or is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

(a) As of the effective date of the Assignment, all of the Assignor’s obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

(b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements (individually and collectively referred to as “Listings”), and the Assignor has obtained all necessary consents to this Assignment.

(f) Notwithstanding the foregoing, Assignor hereby warrants and represents to Assignee that Assignor will within one (1) business day following Assignor’s receipt of Assignee’s request to acquire the Listings to immediately instruct each of Assignor’s providers to initiate the process and provide the vendors’ documents necessary to complete the assignment. Assignee further warrants and represents that Assignee will take no action to impede or prohibit the successful assignment of the Listings to Assignor, and that Assignor shall fully cooperate with Assignee with regard to the assignment; specifically in the execution of any documentation required by Assignor’s provider(s) to effectuate the assignment of the telephone numbers and Listings.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, each of the parties has executed this Assignment as of the day and year first written above.

ASSIGNEE:

The Lash Lounge Franchise, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

ASSIGNOR:

By: _____

Name: _____

Title: _____

**THE LASH LOUNGE FRANCHISE, LLC
FRANCHISE AGREEMENT**

**ATTACHMENT I
FRANCHISEE QUESTIONNAIRE**

As you know, The Lash Lounge Franchise, LLC and you are preparing to enter into a Franchise Agreement for the operation of one THE LASH LOUNGE® Salon franchise. The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- | | |
|---------------|--|
| Yes___ No ___ | 1. Have you received and personally reviewed the Franchise Agreement and each Exhibit or schedule attached to it? |
| Yes___ No ___ | 2. Have you received and personally reviewed the Franchise Disclosure Document we provided? |
| Yes___ No ___ | 3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? |
| Yes___ No ___ | 4. Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement? |
| Yes___ No ___ | 5. A) Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor? |
| Yes___ No ___ | B) Have you discussed the benefits and risks of operating THE LASH LOUNGE® Salon franchise with your professional advisor? |
| Yes___ No ___ | C) Did you discuss the benefits and risks of operating THE LASH LOUNGE® Salon franchise with an existing THE LASH LOUNGE® Salon franchisee? |
| Yes___ No ___ | 6. Do you understand the risks of operating THE LASH LOUNGE® Salon franchise? |
| Yes___ No ___ | 7. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? |
| Yes___ No ___ | 8. A) Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally? |
| Yes___ No ___ | B) Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to |

the Franchise Agreement, and not any punitive, exemplary or multiple damages)?

Yes ___ No ___

9. Do you understand that your Managing Owner and General Manager (if applicable) must successfully complete our initial training program?

Yes ___ No ___

10. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes ___ No ___

11. A) Do you understand that the US Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes ___ No ___

B) Have you ever been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes ___ No ___

C) Do you understand that we will not approve your purchase of THE LASH LOUNGE® Salon franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes ___ No ___

D) Is it true that you are not purchasing THE LASH LOUNGE® Salon franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

Yes ___ No ___

12. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating THE LASH LOUNGE® Salon franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue THE LASH LOUNGE® Salon franchise will generate, that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___

14. Has any employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in our Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes ___ No ___

15. Do you understand that the Franchise Agreement contains the entire agreement between us and you concerning the franchise for THE LASH LOUNGE® Salon, meaning any prior oral or written statements not set out in the Franchise Agreement will not be binding?

You understand that Franchisor is acting in reliance on the truthfulness and completeness of your responses to the questions above in entering into the Agreements with Franchisee. YOU ACKNOWLEDGE AND AGREE THAT IN THE EVENT THAT ANY DISPUTE ARISES, THIS QUESTIONNAIRE SHALL BE ADMISSIBLE AS EVIDENCE IN ANY LEGAL ACTION, AND YOU HEREBY WAIVE, TO THE FULLEST EXTENT PERMISSIBLE UNDER THE LAW, ANY OBJECTION TO SUCH ADMISSION OF THIS QUESTIONNAIRE.

NOTE: IF THE FRANCHISEE IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS OWNERS MUST EXECUTE THIS ACKNOWLEDGEMENT.

FRANCHISEE

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

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

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

CALIFORNIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. Section 4.1 of the Franchise Agreement is hereby amended to read as follows:

“4.1. **Initial Franchise Fee.** You shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages on the first business day following the date Franchisor has completed its pre-opening obligations to you under the Franchise Agreement and the Salon opens for business. You acknowledge and agree that the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable.”

3. Section 19.3 of the Franchise Agreement is hereby deleted and replaced with the following:

“19.3 **Arbitration.** Except for actions which we may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and we agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Tarrant County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 19.3. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates

and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 19.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

4. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ILLINOIS AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987 (“FDA”), 815 ILCS 705/1-44. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.
- b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.
- c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.
- d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act, Illinois law governing claims arising under the Act will control.
- e. If this Agreement requires a jury trial waiver, to the extent that such provision conflicts with the Illinois Franchise Disclosure Act, the Act will control.
- f. 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.

2. Section 4.1 of the Franchise Agreement is hereby amended to read as follows:

“4.1. Initial Franchise Fee. You shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Pages on the first business day following the date Franchisor has completed its pre-opening obligations to you under the Franchise Agreement and the Salon opens for business. You acknowledge and agree that the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable.”

3. Section 19.3 of the Franchise Agreement is hereby deleted and replaced with the following:

“19.3 Arbitration. Except for actions which we may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and we agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (*a*) this Agreement or any other agreement between us and you, (*b*) our relationship with you, (*c*) the validity of this Agreement or any other agreement between us and you, or (*d*) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association (“AAA”) and in accordance with the AAA’s Commercial Arbitration Rules (“Rules”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Tarrant County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 19.3. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 19.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

4. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.
5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

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

2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, we have agreed to defer your obligation to pay the Initial Franchise Fee, the initial cosmetic inventory package fee, and the Microsite and social media page creation and customization fee (collectively the “**Initial Fees**”) until we have met our material pre-opening obligations and you have commenced operation of the THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Sections 4.1., 6.5.2, and 7.5.2 of the Franchise Agreement, payment of the Initial Fees is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

WASHINGTON AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the “**Franchise Agreement**”) dated _____, 20__, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

1. The State of Washington has a statute, RCW 19.100.180 (the “**Act**”) that 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 that may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Act shall prevail.

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

4. As a condition to becoming registered to offer and sell franchises in the State of Washington, we have agreed to defer your obligation to pay the Initial Franchise Fee until we have met our material pre-opening obligations and you have commenced operation of the THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 4.1. of the Franchise Agreement, payment of the Initial Franchise Fee is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

5. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT B
AREA DEVELOPMENT AGREEMENT



**THE LASH LOUNGE FRANCHISE, LLC
AREA DEVELOPMENT AGREEMENT**

**AREA DEVELOPMENT AGREEMENT
SUMMARY PAGES**

EFFECTIVE DATE: _____

DEVELOPER: _____

ADDRESS FOR NOTICES: _____

TELEPHONE NUMBER: _____

FACSIMILE NUMBER: _____

E-MAIL ADDRESS: _____

INITIAL FRANCHISE FEE FOR EACH SALON TO BE DEVELOPED: \$30,000

DEVELOPMENT FEE: \$ _____

DEVELOPMENT AREA: Refer to Attachment B

NUMBER OF SALONS TO BE DEVELOPED _____

TRANSFER FEE \$1,000 (transfer to a business entity, refer to Section 8.2.); or
\$2,500 (transfer of non-controlling interest, refer to Section 8.3.); or
\$2,500 (assignment of your right to enter into a Franchise Agreement to a Business Entity under common control with you, refer to Section 8.5.); or
\$20,000, plus reimbursement of Franchisor’s costs (transfer of Development Agreement, all or substantially all of your assets, or controlling interest, refer to Section 8.4.)

FRANCHISOR ADDRESS FOR NOTICES: The Lash Lounge Franchise, LLC
2200 Pool Road, Suite 106
Grapevine, Texas 76051
Fax: 817-900-9190
Attention: President

Franchisor Initials

Developer Initials

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

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ATTACHMENTS

Attachment A	Glossary of Additional Terms
Attachment B	Salon Development Area and Development Schedule
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Attachment D	Guaranty and Personal Undertaking
Attachment E	Form of Franchise Agreement

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

THIS AREA DEVELOPMENT AGREEMENT (the “**Agreement**”) is made and entered into as of the Effective Date reflected in the Summary Pages (“**Effective Date**”), by and between The Lash Lounge Franchise, LLC, a Texas limited liability company with its current principal office in Grapevine, Texas (“**Franchisor**”), and the Developer identified in the Summary Pages (“**you**”).

A. Franchisor has acquired the license to use and to sublicense the use of an upscale salon (“**Salon**”) featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services, such as eyelash and eyebrow tinting and eyelash perming, as well as makeup application and facial threading services, combined with a retail boutique featuring the sale of clothing, gift items, makeup accessories, and a private label cosmetic and skin care line under the trade name and trademark THE LASH LOUNGE® (the “**System**”).

B. The distinguishing characteristics of the System include, without limitation, the combination of services provided, including semi-permanent and temporary eyelash extension services and permanent makeup services; private label cosmetics and skin care products which incorporate Franchisor’s trade secrets and proprietary information (the “**Proprietary Products**”); distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by Franchisor from time to time (the “**Standards**”).

C. The System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark “**THE LASH LOUNGE**” and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the “**Proprietary Marks**”).

D. You desire the right to develop multiple Salons under the System and Marks, and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1. Grant of Salon Area Development Rights

1.1.1. Franchisor hereby grants to you, and you hereby accept, the right and obligation, to develop the number of THE LASH LOUNGE® Salons in the Development Area (identified in the Summary Pages and Attachment B) within the timeframe set forth in the Development Schedule (identified in Attachment B). Each Salon to be developed shall be developed and operated pursuant to a separate franchise agreement to be entered into between you and Franchisor in accordance with Section 4.1.

1.1.2. This Agreement grants you no right or license to use any of the Proprietary Marks; your right to operate a Salon and license to use the Proprietary Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3. The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2. Development Area Protection.

1.2.1. During the term of this Agreement Franchisor shall not own or operate, or grant anyone else the right to operate, a THE LASH LOUNGE® Salon within the Development Area, except for Closed Markets and as described in Section 1.2.2 below.

1.2.2. Franchisor reserves to itself all other rights in and to use the Proprietary Marks including the right to: (a) the right to own and operate and to grant others the right to own and operate Salons outside the Development Area, regardless of their proximity to the Development Area; (b) to own and operate THE LASH LOUNGE® Salons and license the use of the Proprietary Marks and System or grant others the right to own and operate THE LASH LOUNGE® Salons in Closed Markets within and outside the Development Area; and (c) the right to distribute products and services identified by the Proprietary Marks, such as Private Label Products, through alternative channels of distribution including mail order, catalog sales, department stores, retail stores, supermarkets, and/or Internet sales. Franchisor is not required to compensate you if it exercise any of the rights specified in this Section 1.2.2.

1.2.3. Nothing in this Agreement prohibits or restricts Franchisor from (a) owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (*i.e.*, a mark other than THE LASH LOUNGE), whether or not the business is the same as or competitive with THE LASH LOUNGE® Salons; or (b) owning, operating, or franchising one or more businesses offering products or services other than those offered in THE LASH LOUNGE® Salons under the name “THE LASH LOUNGE” or some derivative of the Proprietary Marks.

2. TERM OF AREA DEVELOPMENT AGREEMENT

2.1. Term. Unless sooner terminated, the term (the “**Term**”) of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, expires on the earlier of: (a) the date on which you have completed your development obligations under this Agreement, or (b) 12:00 midnight CST on the last day of the last Development Period identified in Attachment B.

2.2. Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends, and you have no further right to develop any THE LASH LOUNGE® Salons for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreement.

3. FEES

3.1. Development Fee. Upon execution of this Agreement, you will pay to Franchisor a Development Fee in the amount set forth in the Summary Pages (the “**Development Fee**”) which is calculated as the total amount of the initial franchise fee for each Salon to be developed pursuant to the terms of this Agreement. When each Franchise Agreement is signed, Franchisor will credit the applicable portion of the Development Fee towards the initial franchise fee due on your behalf. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

3.2. Initial Franchise Fee. For each Franchise Agreement signed under this Agreement, you agree to pay to Franchisor an Initial Franchise Fee in the amount set forth in the Summary Pages, notwithstanding any contrary provision of the Franchise Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1. Separate Franchise Agreements. The Franchise Agreement for the first Salon to be developed under this Agreement is the form attached as Attachment E. The Franchise Agreement for the second and each additional Salon to be developed is the form of Franchisor’s then-current Franchise Agreement, the terms of which may be materially different from the terms of Attachment E.

4.2. Development Schedule. Recognizing that time is of the essence, you agree to satisfy the Development Schedule set forth in Attachment B. Your failure to adhere to the Development Schedule is a default Section 9.2. of this Agreement.

4.3. Manner for Exercising Area Development Rights.

4.3.1. Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Salon. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Salon:

(a) **Operational Conditions:** You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates. You are conducting the operation of your existing Salons, if any, and are capable of conducting the operation of the proposed Salon in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the Standards, specifications, and procedures set forth and described in the Manuals (as defined in the Franchise Agreement).

(b) **Financial Conditions:** You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of THE LASH LOUNGE® Salons. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the rolling 12 months preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a Salon and that such failure would adversely affect the reputation and good name of THE LASH LOUNGE® salons and the System.

(c) **Legal Conditions:** You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement.

4.4. Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3., and the Development Schedule reflected in Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop more than the total minimum number of Salons which you are required to develop during any Development Period. Any Salons in excess of the minimum number of Salons required to be developed shall be applied to satisfy your development obligation during the next succeeding Development Period, if any.

4.4.1. If during the Term of this Agreement, you cease to operate any Salon developed under this Agreement for any reason, you shall develop a replacement Salon. The replacement Salon shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Salon. If, during the Term of this Agreement, you transfer your interest in a Salon in accordance with the terms of the applicable Franchise Agreement for the Salon, the transferred Salon shall continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a THE LASH LOUNGE® Salon. If the transferred Salon ceases to be operated as a THE LASH LOUNGE® Salon during the Term of this Agreement, you shall develop a replacement Salon within a reasonable time (not to exceed 120 days) thereafter.

4.4.2. Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Salons is a material breach of this Agreement.

4.5. Projected Opening Dates. You acknowledge that the Projected Opening Date for each Salon to

be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Salon at or prior to the applicable execution date set forth in the Summary Pages, which shall be a date no later than 12 months prior to the Projected Opening Date for the applicable Salon.

4.5.1. No later than 13 months prior to expiration of a Development Period expiration date, you shall request to sign a Franchise Agreement for each Salon to be developed during the Development Period.

4.5.2. Upon receiving your request, Franchisor shall deliver to you its then-current form of franchise disclosure document, and execution copies of its then-current form of franchise agreement.

4.5.3. No later than the Franchise Agreement execution date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement and payment of the initial franchise fee (less any applicable Development Fee credit) due thereunder.

4.5.4. Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their respective Owners, who then has a then-currently effective Franchise Agreement or Area Development Agreement with Franchisor, has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, members, managers, shareholders, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the THE LASH LOUNGE® franchise opportunity.

5. DEVELOPER'S OBLIGATIONS

5.1. Satisfaction of Development Schedule. You shall execute a Franchise Agreement for each Salon contemplated under this Agreement in accordance with Section 4.1., and the Development Schedule, and shall establish and operate each Salon in accordance with the terms and conditions of the respective Franchise Agreement.

5.2. Compliance with Laws. You shall fully comply with all federal, state and local laws, rules, and regulations when exercising your rights and fulfilling your obligations under this Agreement.

5.3. Developer May Not Exceed The Area Development Obligation. Unless Franchisor otherwise authorizes in writing, you may not construct, equip, open and operate more than the total number of THE LASH LOUNGE® Salons reflected in the Development Schedule.

6. CONFIDENTIALITY

6.1 Nondisclosure of Confidential Information. You shall maintain the confidentiality of all Confidential Information. You shall use Confidential Information only in connection with the development and operation of the Salons, and you shall divulge Confidential Information only to your employees, and only on a need to know basis. This obligation shall survive expiration or termination of this Agreement.

7. INDEPENDENT CONTRACTOR, INSURANCE AND INDEMNIFICATION

7.1 Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, or agency relationship between the parties. Neither party has any fiduciary obligations to the other, or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties. You shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership.

7.2. Insurance Obligations.

7.2.1. You shall maintain in full force and effect at all times during the Term of this Agreement, at your expense, an insurance policy or policies protecting you, Franchisor and its Affiliates, and their respective directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring upon or in connection with the operation of the business contemplated under this Agreement.

7.2.2. Such policy or policies shall: *(a)* be written by insurer(s) licensed and admitted to write coverage in the state in which the Franchised Business is located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; *(b)* name Franchisor and its directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, and employee as additional insureds on a primary non-contributory basis; and *(c)* comply with Franchisor's written requirements at the time such policies are obtained, and provide at least the types and minimum amounts of coverage as described in Franchisor's written notice to you.

7.2.3. In connection with any and all insurance that you are required to maintain under Section 7.2, you and your insurers shall agree to waive their rights of subrogation against Franchisor, and you shall provide evidence of such waiver in accordance with this Section 7.2

7.2.4. Your obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 7.3 of this Agreement.

7.2.5. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor, or its Affiliates, directors, officers, shareholders, partners, members, managers, agents, representatives, independent contractors, servants, or employees by reason of your negligence.

7.2.6. At least 10 days prior to the time you are first required to carry insurance, and thereafter at least 30 days prior to the expiration of any policy, you shall deliver to Franchisor a certificate of insurance evidencing your compliance with this Article 7. Each certificate of insurance shall expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such certificates.

7.2.7. If you fail to procure or maintain the minimum insurance requirements, Franchisor or its designee has the right (but is not required) to procure such insurance on your behalf. Such right shall be in addition to and not in lieu of any other rights or remedies available to Franchisor. If this occurs, you shall reimburse Franchisor the cost of the premium and pay a reasonable administrative fee not to exceed \$500, upon demand.

7.3. **Indemnification.** You shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, managers, employees, shareholders, and agents, (collectively the “**Indemnitees**”) from any and all “**losses and expenses**” (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with your operation of the business contemplated under this Agreement (an “**event**”), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to you). For the purpose of this Section 7.3, the term “**losses and expenses**” shall be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. You shall give Franchisor prompt notice of any event of which you are aware, for which indemnification is required, and, at your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Indemnities or the System.

8. TRANSFER OF INTEREST

8.1. **Transfer by Franchisor.** Franchisor may transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Franchisor's name, the Marks (or any variation thereof), Copyrighted Works and System and/or the loss of association with or identification of The Lash Lounge Franchise LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as THE LASH LOUNGE® Salons operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any THE LASH LOUNGE® Salon developed under this Agreement).

8.2. **Transfer by Individual Developer to Business Entity for Convenience.** If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation if (a)

the Business Entity is formed solely for purposes of continuing your development rights and obligations and maintains the exact same ownership structure as Developer, **(b)** you provide to Franchisor a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; and **(c)** you pay the transfer fee set forth on the Summary Pages.

8.3. Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: **(a)** you have provided to Franchisor advance notice of the transfer, **(b)** Attachment C to this Agreement has been amended to reflect the new ownership; **(c)** each new Owner has signed a Guaranty and Personal Undertaking in the form of Attachment D; and **(d)** you pay to Franchisor the applicable transfer fee set forth on the Summary Pages.

8.4. Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of or substantially all of the assets of any Salon developed hereunder, or the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor may withhold its consent to the transfer at its sole discretion and may condition its consent on satisfaction of any or all of the following:

8.4.1. Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole and reasonable discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Salon in operation at the time of transfer.

8.4.2. The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Salon; and has sufficient equity capital to operate each Salon (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Salon);

8.4.3. All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4. You or the transferee shall have agreed to refurbish each Salon premises identified by Franchisor so that it meets Franchisor's image requirements for new THE LASH LOUNGE® Salons;

8.4.5. You and each Owner has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.6. Payment of the applicable transfer fee in the amount set forth in the Summary Pages;

8.4.7. The transferee has executed Franchisor's then-current form of area development agreement, the terms of which may be materially different than the terms of this Agreement and may include, among other things, a different Development Schedule obligation. The term of such area development agreement shall be the remaining term of this Agreement at the time of transfer;

8.4.8. If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Guaranty and Personal Undertaking;

8.4.9. The transferee must comply with Franchisor's then-current initial training requirements for the operation of each then-existing Salon; and

8.4.10. If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5. Transfer of Franchise Agreements. Notwithstanding Section 8.4 of this Agreement, you may, with Franchisor's prior written consent, execute and contemporaneously assign your right to enter into a Franchise Agreement pursuant to this Agreement to a Business Entity under common control with you if (a) such Business entity executes and complies with the terms and conditions of the Franchise Agreement; and (b) you pay Franchisor the applicable transfer fee in the amount set forth in the Summary Pages.

8.6. Transfers Void. Any purported transfer, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement.

8.7. Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's written consent.

8.8. Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the reasonable costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9. Right of First Refusal. If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Salon(s), or if any Owner receives a bona fide offer to purchase his or her equity interests in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor has the option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: (a) the closing date specified in the third party offer; or (b) within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor's failure to exercise the option described in this Section 8.9. shall not constitute a waiver of any of the transfer conditions set forth in this Article 8.

8.10. Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of any Owner with an interest in this Agreement, in you, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such Owner

shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8.10, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.5.

8.11. Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1. Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall terminate immediately upon written notice to you, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2. Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: **(a)** you fail to meet the Development Schedule; **(b)** you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; **(c)** there is any transfer or attempted transfer in violation of Article 8 of this Agreement; **(d)** you or any Owner fails to comply with the confidentiality or non-competition covenants in Article 6 and Article 10 of this Agreement; or **(e)** you or any Owner has made any material misrepresentations in connection with your developer application; or **(f)** Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3. Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: **(a)** failure to obtain or maintain required insurance coverage; **(b)** failure to pay any amounts due to Franchisor; **(c)** failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); or **(d)** failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations.

9.4. Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of

written notice.

9.5. Termination Related to Death or Permanent Incapacity. Franchisor has the right to terminate this Agreement if an approved transfer as required by Section 8.10 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.6. Cross-Default. Any default under any agreement between you and Franchisor or its Affiliates, which you fail to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

9.7. Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Salons which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Salons in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.7 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

10. COVENANTS

10.1. Non-Competition During Term of Agreement. You and each Owner acknowledge that you and each Owner will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques and trade secrets of Franchisor and the System. You and each Owner covenant and agree that during the Term of this Agreement, except as otherwise approved in writing by Franchisor, you and, if applicable, such Owner, shall not, either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, or legal entity:

10.1.1. Divert or attempt to divert any present or prospective customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System.

10.1.2. Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment.

10.1.3. Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated pursuant to a then-currently effective franchise agreement with Franchisor at any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Proprietary Marks or similar marks or operate or license others to operate a business under the Proprietary Marks or similar marks.

10.2. Non-Competition After Expiration or Termination of Agreement. Commencing upon the later of: (a) a transfer permitted under Article 8 of this Agreement, expiration of this Agreement, or termination of this Agreement (regardless of the cause for termination) or (b) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.2., and continuing for an uninterrupted period of two years thereafter, you shall not either directly or indirectly, for yourselves, or through, on behalf of, or in conjunction with any person, persons, or legal entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a business that engages in salon services featuring eyelash extension services and/or, if applicable to your Salon, permanent makeup services, other than a Salon operated

pursuant to a then-currently effective franchise agreement with Franchisor, and (i) is, or is intended to be, located at the location of the former Franchised Business; or (ii) within a 20-mile radius of the Salon or any other salon operating under the System and Proprietary Marks in existence or under development at the time of such expiration, termination or transfer. If any Owner ceases to be an Owner of the Franchisee for any reason during the franchise term, the foregoing covenant shall apply to the departing Owner for a two-year period beginning on the date such person ceases to meet the definition of an Owner. The obligations described in this Section 10.2 shall be tolled during any period of noncompliance.

10.3. Additional Provisions. The parties acknowledge and agree that Franchisor has the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 10.1 and 10.2, or any portion thereof, without your consent or the consent of any Owner, effective immediately upon delivery of written notice to the affected party; and you and each Owner agree that such person shall comply forthwith with any covenant as so modified, which shall be fully enforceable. You and each Owner expressly agree that the existence of any claims you may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 10. You agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 10.

10.4. Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 10 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

10.5. Exception for Publicly Held Companies. The foregoing restrictions shall not apply to your ownership or any Owner's ownership of less than a 5% beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

11. REPRESENTATIONS

11.1. Representations of Franchisor. Franchisor represents and warrants that (a) Franchisor is duly organized and validly existing under the law of the state of its formation; (b) Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and (c) the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

11.2. Representations of Developer.

11.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that (a) you are duly organized and validly existing under the law of the state of your formation; (b) you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; (c) your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate or have any financial or beneficial interest in any business that is the same as or similar to a THE LASH LOUNGE® Salon; and (d) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

11.2.2. You acknowledge that you have conducted an independent investigation of the proposed franchise and development opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

11.2.3. You further acknowledge that Franchisor makes no representation: (i) that your Development Area contains a sufficient number of acceptable locations to meet the number of Salons to be developed under the Development Schedule; or (ii) that your Development Area is sufficient to economically support the number of Salons to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area, and the economic risk of developing the agreed-upon number of Salons within the Development Area.

11.2.4. Except for representations contained in Franchisor's franchise disclosure document provided to you in conjunction with this franchise offering, you represent that neither Franchisor nor its agents or representations have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential gross sales, expenses or profit of a THE LASH LOUNGE® Salon.

11.2.5. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

11.2.6. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

11.2.7. You represent that neither your property nor any interest in your property, nor the property of any of your Owners, directors, officers, shareholders, partners, members, managers, agents, or employees or their respective interests therein, have been blocked pursuant to Executive Order 13224 of September 23, 2001, pertaining to persons who commit, threaten to commit, or support terrorism ("**Blocked Persons**"). You represent and warrant to Franchisor that you will not accept money from or employ any Blocked Person.

12. NOTICES

12.1. Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; or by or by facsimile or other electronic system. Service shall be deemed conclusively made *(a)* at the time of service, if personally served; *(b)* 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; *(c)* upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; *(d)* 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; and *(e)* at the time of transmission by telecopier, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

13. CONSTRUCTION

13.1. Entire Agreement. This Agreement and its Attachments represent the entire fully integrated agreement between the parties and supersede all other negotiations, agreements, representations, and covenants, oral or written. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation that Franchisor made in the franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to you in connection with this franchise offering. Except for those changes permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to in writing by the parties and executed by their authorized officers or agents.

13.2. No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

13.3. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4. Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5. Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A (“**Glossary of Additional Terms**”). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6. Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner shall execute the Guaranty and Personal Undertaking attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person’s obligations hereunder and under the applicable Guaranty and Personal Undertaking.

13.7. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8. Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

14. APPLICABLE LAW; DISPUTE RESOLUTION

14.1. Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties’ relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

14.2. Mediation.

14.2.1. The parties acknowledge that during the Term and any extensions of this Agreement

certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives and/or employees) and you or your Affiliates (and your Owners, agents, representatives and/or employees) arising out of or related to (a) this Agreement or any other agreement between Franchisor and you, (b) Franchisor's relationship with you, or (c) the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy or dispute in a court or before any other tribunal.

14.2.2. The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("AAA") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

14.2.3. If the parties are unable to resolve the claim, controversy or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 14.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

14.2.4. Notwithstanding the foregoing provisions of this Section 14.2, the parties' agreement to mediate shall not apply to controversies, disputes or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Proprietary Marks or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

14.3. Venue. With respect to any controversies, disputes or claims which are not finally resolved through mediation as provided in Section 14.2, the parties agree that any action brought by either party against the other in any court, whether federal or state, must be brought and maintained solely and exclusively and within the state and federal judicial district court in which Franchisor maintains its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing in this Agreement contained shall bar Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

14.4. Nonexclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.5. WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

14.6. WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL

DAMAGES SUSTAINED BY IT.

14.7. Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

14.8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates noted below, but effective for all purposes as of the Effective Date.

FRANCHISOR
THE LASH LOUNGE FRANCHISE, LLC

DEVELOPER

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

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

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT A
GLOSSARY OF ADDITIONAL TERMS**

“**Affiliate**” means an affiliate of a named person identified as any person or entity that is controlled by, controlling or under common control with such named person.

“**Business Entity**” means any person with the power to enter into contracts, other than a natural person. The term includes a corporation, limited liability company, limited partnership, and trust.

“**Closed Market**” means any facility serving a captive market, including hotels, resorts, shopping malls (defined as enclosed or open retail centers with gross leasable area in excess of 350,000 square feet), airports, public facilities, college and school campuses, military bases, and any other mass gathering events or locations, and facilities of any kind for which eyelash extension and other related services rights are, or may reasonably be anticipated to be, contracted to a third party or parties

“**Confidential Information**” means all trade secrets, and other elements of the System; all customer information; all information contained in the Manuals; Franchisor’s standards and specifications for all services and products offered at THE LASH LOUNGE® Salons; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of their operation under the terms of the Area Development Agreement, and all other information that Franchisor designates.

“**Copyrighted Works**” means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor’s product packaging, and advertising and promotional materials, and the content and design of Franchisor’s Website and advertising and promotional materials.

“**Development Period**” means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate THE LASH LOUNGE® Salons.

“**Franchise Agreement**” means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single Salon, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time.

“**Franchised Business**” means a salon operating under the THE LASH LOUNGE® trademark and developed pursuant to this Agreement.

“**Force Majeure**” means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

“**Owner**” means each individual or entity holding a direct or indirect beneficial ownership in the franchisee. It includes all shareholders of a corporation, all members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. It is the

intent of the parties that agreements and actions (or forbearances) to be executed or undertaken by Owners under the Area Development Agreement be executed or undertaken by individuals. Therefore, if an Owner is a Business Entity, each Owner in the Business Entity's chain of ownership will execute the agreements or undertake (or forbear) the actions required under the Area Development Agreement.

“Private Label Products” means products that are produced or manufactured in accordance with Franchisor's proprietary specifications and/or formulas or which Franchisor designates as “Private Label Products.”

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT B
SALON DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE**

The “Development Area” is described as follows:

The “Development Schedule” is as follows:

	Development Period Ending	Franchise Agreement Execution Date	Salon Opening Date	Number of Salons to be Opened During Development Period	Cumulative Number of Salons to be in Operation at End of Development Period
1					
2					
3					
4					
5					

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B as of the dates shown below but effective for all purposes as of the Effective Date.

FRANCHISOR
THE LASH LOUNGE FRANCHISE, LLC

DEVELOPER

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT C
ENTITY INFORMATION**

If the developer is an entity, you represent and warrant that the following information is accurate and complete in all material respects as of _____.

- (1) Developer is a _____, formed under the laws of the state of _____.
- (2) You shall provide to Franchisor concurrently with the execution hereof true and accurate copies of the Developer's charter documents and governing documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.
- (3) You promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in the franchisee entity.
- (4) The name and address of each of Owner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The address where the Developer's Financial Records, and other records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

_____.

FRANCHISOR
THE LASH LOUNGE FRANCHISE, LLC

DEVELOPER

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT D
GUARANTY AND PERSONAL UNDERTAKING**

1. I have read the Area Development Agreement between The Lash Lounge Franchise LLC (“**Franchisor**”) and _____ (the “**Developer**”).
2. I own a direct or indirect beneficial interest in the Developer, and would be considered an “**Owner**” within the definition contained in Area Development Agreement.
3. I understand that, were it not for this Guaranty and Personal Undertaking (“**Guaranty**”), Franchisor would not have agreed to enter into the Area Development Agreement with the Developer.
4. I will comply with all of the provisions contained in Article 6 of the Area Development Agreement concerning the use of the Confidential Information. I will maintain the confidentiality of all Confidential Information disclosed to me. I agree to use the Confidential Information only for the purposes authorized under the Area Development Agreement. I further agree not to disclose any of the Confidential Information, except (a) to the Developer’s employees on a need to know basis, (b) to the Developer’s and my legal and tax professionals to the extent necessary for me to meet my legal obligations, and (c) as otherwise may be required by law.
5. I will comply with all of the provisions contained in Article 8 of the Area Development Agreement concerning the assignment of my Area Development Agreement.
6. While I am an “Owner” of the Developer and, for a two-year period after I cease to be an Owner (or two years after termination or expiration of the Area Development Agreement, whichever occurs first), I will not:
 - (a) Divert or attempt to divert any present or prospective customer of the THE LASH LOUNGE® Salon to any competitor or do anything to harm the goodwill associated with the Marks and the System;
 - (b) Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or induce such person to leave his or her employment; or
 - (c) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that engaged in salon services featuring eyelash extension services and/or if applicable to Developer’s Salons, permanent makeup services, other than a THE LASH LOUNGE® Salon operated pursuant to a then-currently effective franchise agreement. This restriction shall apply, while I am an Owner, to any location within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor or its Affiliates have used, sought registration of or registered the Marks or similar marks or operate or license others to operate a business under the Marks or similar marks. It will apply for two years after I cease to be an Owner (or two years after termination or expiration of the Area Development Agreement, whichever occurs first) to any location that is, or is intended to be, located in the Area Development Territory. This two-year restrictive period will be tolled during any period for which I am not compliant with this covenant.
7. I agree that the provisions contained in Article 14 of the Area Development Agreement will apply to any dispute arising out of or relating to this Guaranty. If Franchisor brings any legal action to enforce its rights under this Guaranty, I will reimburse Franchisor its reasonable attorneys’ fees and costs.

8. I hereby guarantee the prompt and full payment of all amounts owed by the Developer under the Area Development Agreement.

9. I will pay all amounts due under this Guaranty within 14 days after receiving notice from Franchisor that the Developer has failed to make the required payment. I understand and agree that Franchisor need not exhaust its remedies against the Developer before seeking recovery from me under this Guaranty.

10. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Guaranty.

11. I hereby waive (a) all rights described in California Civil Code Section 2856(a)(1)-(2), inclusive, which includes, without limitation, any rights and defenses which are or may become available to the undersigned by reason of California Civil Code Sections 2787 to 2855, inclusive; and (b) California Civil Code Sections 2899 and 3433.

12. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE AREA DEVELOPMENT AGREEMENT AND/OR THE PERFORMANCE OF ANY PARTY UNDER THE AREA DEVELOPMENT AGREEMENT.**

13. I understand that Franchisor's rights under this Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

14. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after electronically confirmed transmission by facsimile or other electronic system; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

Executed on the date set forth below:

GUARANTOR

Dated: _____

Name: _____

Address for notices: _____

Fax: _____

**THE LASH LOUNGE FRANCHISE LLC
AREA DEVELOPMENT AGREEMENT**

**ATTACHMENT E
FORM OF FRANCHISE AGREEMENT**

[REFER TO EXHIBIT C OF THIS DISCLOSURE DOCUMENT]

CALIFORNIA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO AREA DEVELOPMENT AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Development Agreement**”) dated _____, 20____, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Franchisee**”). Defined terms contained in the Development Agreement shall have the identical meanings in this Amendment.

1. The following replaces the first sentence of Section 3.1 of the Development Agreement:

“4.1. Development Fee. You will pay Franchisor a Development Fee in the amount specified in the Summary Pages on the first business day following the date Franchisor has completed its pre-opening obligations to you under your first Franchise Agreement with Franchisor and the Salon opens for business. The Development Fee is calculated as the total amount of the initial franchise fee for each Salon to be developed pursuant to the terms of this Agreement. ”

3. Section 14.3 of the Franchise Agreement is hereby deleted and replaced with the following:

“14.3 Arbitration. Except for actions which we may bring in any court of competent jurisdiction for failure to pay Royalty Fees or any other amounts due and owing under this Agreement, or for injunctive or other extraordinary relief, you and we agree to submit any claim, controversy or dispute (collectively, “**Dispute**”) between us or any of our affiliates (and/or their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and/or your owners, guarantors, agents, representatives and/or employees, as applicable) arising out of or related to (a) this Agreement or any other agreement between us and you, (b) our relationship with you, (c) the validity of this Agreement or any other agreement between us and you, or (d) any System standard, to arbitration.

The parties agree that notwithstanding anything to the contrary in this Agreement, Disputes shall be submitted to binding arbitration in accordance with this Section 19.3. The arbitration shall be conducted through the American Arbitration Association (“**AAA**”) and in accordance with the AAA’s Commercial Arbitration Rules (“**Rules**”). The arbitration shall be conducted by one (1) arbitrator selected by agreement of the parties or (in the event the parties cannot agree) in accord with the Rules. The arbitrator shall apply the Federal Rules of Evidence during the conduct of the sessions with respect to the admissibility of evidence. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof and will be final, binding and non-appealable, except as set forth below. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The place of arbitration shall be in the county in which Franchisor maintains its principal business offices at the time of arbitration, currently set in Tarrant County, Texas, unless otherwise mutually agreed between the parties. Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished its right to seek the recovery of those costs in accordance with Section 14.3. The arbitrator, in the conduct of the arbitration, shall not have the authority to declare any Mark generic or otherwise invalid and, to the fullest extent permitted by law, each party waves any right to or claim for any punitive, exemplary, incidental or consequential damages against the other. The arbitrator shall be required to state in writing the reasoning on which the award is based.

The parties agree that all Disputes submitted to arbitration shall be conducted on an individual, and not a class wide, basis, and that only Franchisor (and its affiliates and its and their respective

owners, officers, directors, agents and employees, as applicable) and Franchisee (and its affiliates and its and their respective owners, guarantors, officers and directors, as applicable) may be the parties to any arbitration proceeding described in this Section 14.3., and that no such arbitration proceeding shall be consolidated with any other arbitration proceeding involving Franchisor and/or any other natural person, association, corporation, partnership, limited liability company or other entity.

If any party to an arbitration wishes to appeal any final award by the arbitrator, such party may appeal, within thirty (30) days of such final award, to a different arbitrator appointed in the same manner as set forth above. The issues on appeal will be limited to the proper application of the law to the facts found at the arbitration and will not include any trial de novo or other fact-finding function. The party requesting such appeal must have paid for a court reporter to make a written record of the arbitration hearing and must pay all costs charged by such appeal panel, as well as posting any bond deemed appropriate by the appeal panel. Any party that does not pay for or share in the payment for a transcript of the arbitration hearing cannot challenge any ruling by the arbitrator on appeal, even if the opposing party does appeal.”

4. In the event of any conflict between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment will prevail.

5. Each provision of this Amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

FRANCHISOR
THE LASH LOUNGE FRANCHISE, LLC

DEVELOPER

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

VIRGINIA AMENDMENT TO AREA DEVELOPMENT AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated _____, 20__ is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the “**Area Development Agreement**”) dated _____, 20__, by and between The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal office in Grapevine, Texas, and _____ (“**you**” or “**Developer**”). Defined terms contained in the Franchise Agreement shall have the identical meanings in this Amendment.

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

2. As a condition to becoming registered to offer and sell franchises in the State of Virginia, we have agreed to defer your obligation to pay the Development Fee until we have met our material pre-opening obligations and you have commenced operation of the first THE LASH LOUNGE® Salon (the “**Fee Deferral Requirement**”). Therefore, notwithstanding anything to the contrary in Section 3.1 of the Area Development Agreement, payment of the Development Fee is due (a) at such time as when we have met all of our material pre-opening obligations to you and you have commenced operation of the first THE LASH LOUNGE® Salon, or (b) when the Fee Deferral Requirement has been lifted, whichever occurs sooner.

3. In the event of any conflict between the terms of this Amendment and the terms of the Franchise Agreement, the terms of this Amendment shall prevail.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date first shown above.

THE LASH LOUNGE FRANCHISE, LLC

FRANCHISEE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT C
GENERAL RELEASE
(SAMPLE FORM ONLY)

GENERAL RELEASE

The undersigned and my heirs, administrators, executors, ancestors, and assigns, for good and valuable consideration, the receipt of which is hereby acknowledged, hereby remise, release, and forever discharge The Lash Lounge Franchise, LLC (“**Franchisor**”), a Texas limited liability company, with its principal business offices located at 2200 Pool Road, Suite 106, Grapevine, Texas 76051 and its Affiliates, and their respective owners, officers, directors, employees, and agents (collectively, the “**Franchisor Released Parties**”) from any and all claims, whether at law or in equity, and all contracts, controversies, claims, and demands whatsoever, at law or in equity, that I ever had, now have, or that my respective heirs, administrators, ancestors, executors, and/or assigns may have against the Franchisor Released Parties including, without limitation, all claims arising out of or related to that certain Franchise Agreement between Franchisor and _____ dated _____, 20____, and the offer and sale of THE LASH LOUNGE® franchise opportunity.

I acknowledge that this general release extends to claims which I do not know or suspect to exist in my favor at the time of executing this Release Agreement, which if were known to me may have materially affected my decision to enter into this Release Agreement. I understand that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. I expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts. If RELEASOR is domiciled or has his or her principal place of business in the State of California, then RELEASOR hereby expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth below.

Signature: _____

Name: _____

Date: _____

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT D
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OF CONFIDENTIAL OPERATIONS MANUAL

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EXHIBIT E
FINANCIAL STATEMENTS

THE LASH LOUNGE FRANCHISE, LLC
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013 AND FOR
THE YEAR THEN ENDED
TOGETHER WITH AUDITOR'S REPORT

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. MITCHAM
JEFFERY L. EATON
TIMOTHY J. BICKNELL

INDEPENDENT AUDITOR'S REPORT

March 16, 2014

To the Owner
The Lash Lounge Franchise, LLC
Fort Worth, Texas

We have audited the accompanying financial statements of The Lash Lounge Franchise, LLC, (an S Corp), which comprise the balance sheet as of December 31, 2013 and the related statement of income and member's equity and cash flows for the year then ended, and the related notes to the financial statements.

Managements 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 audits 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 judgement, 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 The Lash Lounge Franchise LLC as of December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spillar Mitcham, Eaton & Bicknell, LLP

Spillar, Mitcham, Eaton & Bicknell, LLP
Fort Worth, Texas

THE LASH LOUNGE FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS

Cash	\$ 13,256
Trade receivable	16,536
Prepaid expenses	<u>1,038</u>

Total Current Assets \$ 30,830

PROPERTY AND EQUIPMENT

Furniture and equipment	8,281
Less: accumulated depreciation	<u>(4,144)</u>

Total Property and Equipment 4,137

OTHER ASSETS

Trademark	4,359
Web-site development less amortization	10,482
Security deposit	<u>2,006</u>

Total Other Assets 16,847

TOTAL ASSETS \$ 51,814

LIABILITIES AND MEMBER EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 7,594
Advertising payable	<u>10,840</u>

Total Current Liabilities \$ 18,434

LONG TERM LIABILITIES

Due to related parties	<u>325,007</u>
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Total Liabilities 343,441

MEMBER EQUITY

Member equity	<u>(291,627)</u>
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TOTAL LIABILITIES AND MEMBER EQUITY \$ 51,814

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

THE LASH LOUNGE FRANCHISE, LLC
STATEMENT OF INCOME AND MEMBER EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES		
Franchise income	\$ 54,000	
Royalty income	194,965	
Training income	1,020	
Other fees	<u>1,360</u>	
Total Revenues		\$ 251,345
EXPENSES		
Advertising and marketing	123,794	
Automobile	150	
Computer and internet	9,688	
Depreciation and amortization	2,313	
Employee relations	282	
Interest	39	
Merchant fees	295	
Meals and entertainment	2,850	
Meetings and seminars	750	
Office supplies, postage and expense	7,129	
Printing and reproduction	813	
Professional fees	36,667	
Rent	12,311	
Salaries	64,616	
Payroll tax	5,770	
Telephone	701	
Training	27,900	
Travel	7,041	
Utilities	733	
Web-site expense	<u>6,531</u>	
Total Expenses		<u>310,373</u>
NET (LOSS) FROM OPERATIONS		(59,028)
OTHER INCOME		
Interest		<u>6</u>
NET (LOSS)		(59,022)
MEMBER EQUITY (DEFICIT) - JANUARY 1, 2013		<u>(232,605)</u>
MEMBER EQUITY (DEFICIT) - DECEMBER 31, 2013		<u><u>\$(291,627)</u></u>

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

THE LASH LOUNGE FRANCHISE, LLC
STATEMENT OF CASH FLOW
FOR THE YEAR DECEMBER 31, 2013

OPERATING ACTIVITIES		
Net loss	\$(59,022)	
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	2,313	
(Increase) Decrease in:		
Accounts receivable	(7,868)	
Prepaid expenses	820	
Increase (Decrease) in		
Accounts payable	<u>17,194</u>	
 NET CASH USED IN OPERATING ACTIVITIES		 \$ (46,563)
FINANCIAL ACTIVITIES		
Borrowing from related parties	80,013	
Repayments to related parties	<u>(23,115)</u>	
		56,898
INVESTING ACTIVITIES		
Equipment purchase		<u>(1,082)</u>
NET INCREASE IN CASH		9,253
CASH - January 1, 2013		<u>4,003</u>
CASH - December 31, 2013		<u>\$ 13,256</u>
 Interest paid in 2013		 <u>\$ 39</u>

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

THE LASH LOUNGE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

The Lash Lounge Franchise LLC was organized as a Texas Limited Liability Company in 2009. The organization was formed to market rights to operate salons providing eyelash extensions and other health, beauty and fashion related services and products.

The LLC has six franchises operating in 2013 and is continuing to market activities to expand into new areas. Two franchises were sold in 2013.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

PROPERTY AND EQUIPMENT/DEPRECIATION

Physical property includes computer and office equipment.

All assets are recorded at cost and depreciation is computed using the straight line method over lives of five years. Depreciation for the year is \$1,440.

AMORTIZATION

The Company is amortizing the cost of developing the website. The cost is being amortized over 15 years. Accumulated amortization at December 31, 2013 is \$2,621. The expense for 2013 is \$874.

INCOME TAXES

The financial statements do not include a provision for income tax because the LLC has elected to be taxed as an S Corporation which does not incur federal income tax. Instead, earnings or losses are included in the owner's personal income tax return.

Generally, the tax returns related to the Company's activities remain open for three years for federal income tax examination and four years for Texas state margin tax.

REVENUE RECOGNITION

The Company's revenue is earned when franchises are sold to the extent outlined in the franchise agreement. The agreement states a portion of the initial franchise fee is to fund grand opening advertising. The amounts collected for these costs are shown as restricted cash and related advertising payable.

THE LASH LOUNGE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Per the franchise agreement, additional revenue will be earned by the Company based on the gross revenues of the franchises.

SUBSEQUENT EVENTS

Subsequent events were evaluated through March 16, 2014, which is the date the financial statements were available to be issued.

ADVERTISING

The Company expenses advertising costs as incurred.

ACCOUNTS RECEIVABLE

The Company uses the allowance method for financial statement purposes. All receivables are considered fully collectable by management.

STATEMENT OF CASH FLOWS

For purposes of the statements of cash flow, cash includes all unrestricted cash on hand and in the bank.

NOTE 2 - FRANCHISE AGREEMENTS

The franchisee acquires the license to use and sub-license the use of the "Salon" featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services for a ten year term. The franchisee will operate a retail boutique, under terms of the agreement, with sales of items under the trademark "THE LASH LOUNGE" in a protected area defined by the agreement. The agreement calls for initial and royalty fees. Training and opening assistance is provided.

NOTE 3 - LEASE COMMITMENTS

The Company is obligated under a lease agreement for commercial space in Grapevine, Texas. The Company shares the lease space with a related company. The lease term is thirty-six months and expires April 30, 2015. Total monthly payments are on the lease are \$2,006 per month. The portion of this paid by the Lash Lounge Franchise LLC is \$1,038. Expense related to the leased space 2012 totaled \$10,273.

Payments of \$12,456 are due under the lease agreement in 2014 and \$4,452 in 2015.

NOTE 4 - RELATED PARTY TRANSACTIONS

The LLC has borrowed funds for start-up and operating expenses from the owner and related companies owned by the owner. The funds are due on demand with no stated terms or interest rate. Repayment is expected to be made when additional franchises are sold.

THE LASH LOUNGE FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 - RELATED PARTY TRANSACTIONS - Continued

Two of the franchise locations are owned by the owner of the LLC. Royalties from these two locations amounted to 40% of the royalty income.

NOTE 5 - EMPLOYEE BENEFIT PLAN

The LLC adopted a 401(k) profit sharing plan in 2012. The plan covers substantially all employees. The plan allows pre-tax elective deferrals of compensation subject to statutory limitations. Employer contributions can be made, if approved by management. The LLC made no contributions to the plan in 2013.

NOTE 6 - GOING CONCERN

The LLC made its first offering to the public in 2010. After the initial offering, the Company began advertising and marketing franchises. The ability of the Company to continue as a going concern depends on the success of the marketing plan and resulting sales of additional franchises. The owner plans to continue to borrow from related parties or seek outside funding as necessary to fund continued operations until additional franchises are sold.

THE LASH LOUNGE FRANCHISE, LLC
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012 AND FOR
THE YEAR THEN ENDED
TOGETHER WITH AUDITOR'S REPORT

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. MITCHAM
JEFFERY L. EATON
TIMOTHY J. BICKNELL

INDEPENDENT AUDITOR'S REPORT

March 25, 2013

To the Owner
The Lash Lounge Franchise, LLC
Fort Worth, Texas

We have audited the accompanying financial statements of The Lash Lounge Franchise, LLC, (an S Corp), which comprise the balance sheet as of December 31, 2012 and the related statement of income and member's equity and cash flows for the year then ended, and the related notes to the financial statements.

Managements 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 audits 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 judgement, 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 The Lash Lounge Franchise LLC as of December 31, 2012, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spillar, Mitcham, Eaton & Bicknell, LLP

Spillar, Mitcham, Eaton & Bicknell, LLP
Fort Worth, Texas

THE LASH LOUNGE FRANCHISE, LLC
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash	\$ 2,165
Savings	597
Restricted cash	1,242
Trade receivable	8,668
Prepaid expenses	<u>1,858</u>

Total Current Assets \$ 14,530

PROPERTY AND EQUIPMENT

Furniture and equipment	7,199
Less: accumulated depreciation	<u>(2,704)</u>

Total Property and Equipment 4,495

OTHER ASSETS

Trademark	4,359
Web-site development less amortization	11,356
Security deposit	<u>2,006</u>

Total Other Assets 17,721

TOTAL ASSETS \$ 36,746

LIABILITIES AND MEMBER EQUITY

CURRENT LIABILITIES

Advertising payable \$ 1,242

LONG TERM LIABILITIES

Due to related parties 268,109

Total Liabilities 269,351

MEMBER EQUITY

Member equity (232,605)

TOTAL LIABILITIES AND MEMBER EQUITY \$ 36,746

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

THE LASH LOUNGE FRANCHISE, LLC
 STATEMENT OF INCOME AND MEMBER EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES		
Royalty income	\$ 91,477	
Training income	<u>600</u>	
Total Revenues		\$ 92,077
EXPENSES		
Advertising	47,638	
Automobile	58	
Contributions	365	
Computer and internet	6,084	
Contract labor and outside services	7,836	
Depreciation and amortization	2,152	
Design costs	2,900	
Employee relations	480	
Insurance	121	
Interest	279	
Maintenance and repairs	1,477	
Meals and entertainment	675	
Meetings and seminars	3,140	
Office supplies and postage	1,542	
Printing and reproduction	640	
Professional fees	18,718	
Rent	10,273	
Salaries	36,981	
Payroll tax	3,266	
Telephone	1,271	
Training	1,490	
Travel	4,160	
Utilities	739	
Web-site expense	<u>19,591</u>	
Total Expenses		<u>171,876</u>
NET (LOSS) FROM OPERATIONS		(79,799)
OTHER INCOME		
Interest		<u>8</u>
NET (LOSS)		(79,791)
MEMBER EQUITY (DEFICIT)- JANUARY 1, 2012		<u>(152,814)</u>
MEMBER EQUITY (DEFICIT)- DECEMBER 31, 2012		<u><u>\$(232,605)</u></u>

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

THE LASH LOUNGE FRANCHISE, LLC
STATEMENT OF CASH FLOW
FOR THE YEAR DECEMBER 31, 2012

OPERATING ACTIVITIES		
Net loss	\$(79,791)	
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	2,152	
(Increase) Decrease in:		
Restricted cash	12,791	
Accounts receivable	(612)	
Prepaid expenses	122	
Security deposit	(906)	
Increase (Decrease) in Accounts payable	<u>(19,194)</u>	
NET CASH USED IN OPERATING ACTIVITIES		\$ (85,438)
FINANCIAL ACTIVITIES		
Borrowing from related parties		86,000
INVESTING ACTIVITIES		
Equipment purchase		<u>(2,417)</u>
NET DECREASE IN CASH		(1,855)
CASH - January 1, 2012		<u>4,617</u>
CASH - December 31, 2012		<u>\$ 2,762</u>

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

THE LASH LOUNGE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

The Lash Lounge Franchise LLC was organized as a Texas Limited Liability Company in 2009. The organization was formed to market rights to operate salons providing eyelash extensions and other health, beauty and fashion related services and products.

The LLC has four franchises operating in 2012 and is continuing to market activities to expand into new areas.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

PROPERTY AND EQUIPMENT/DEPRECIATION

Physical property includes computer and office equipment.

All assets are recorded at cost and depreciation is computed using the straight line method over lives of five years. Depreciation for the year is \$1,278.

AMORTIZATION

The Company is amortizing the cost of developing the website. The cost is being amortized over 15 years. The expense in 2012 is \$874.

INCOME TAXES

The financial statements do not include a provision for income tax because the LLC has elected to be taxed as an S Corporation which does not incur federal income tax. Instead, earnings or losses are included in the owner's personal income tax return.

Generally, the tax returns related to the Company's activities remain open for three years for federal income tax examination and four years for Texas state margin tax.

REVENUE RECOGNITION

The Company's revenue is earned when franchises are sold to the extent outlined in the franchise agreement. The agreement states a portion of the initial franchise fee is to fund grand opening advertising. The amounts collected for these costs are shown as restricted cash. A related amount is recorded as advertising payable.

THE LASH LOUNGE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Per the franchise agreement, additional revenue will be earned by the Company based on the gross revenues of the franchises.

SUBSEQUENT EVENTS

Subsequent events were evaluated through March 25, 2013, which is the date the financial statements were available to be issued.

ADVERTISING

The Company expenses advertising costs as incurred.

ACCOUNTS RECEIVABLE

The Company uses the allowance method for financial statement purposes. All receivables are considered fully collectable by management.

STATEMENT OF CASH FLOWS

For purposes of the statements of cash flow, cash includes all unrestricted cash on hand and in the bank.

NOTE 2 - FRANCHISE AGREEMENTS

The franchisee acquires the license to use and sublicense the use of the "Salon" featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services for a ten year term. The franchisee will operate a retail boutique, under terms of the agreement, with sales of items under the trademark THE LASH LOUNGE in a protected area defined by the agreement. The agreement calls for initial and royalty fees. Training and opening assistance is provided.

NOTE 3 - LEASE COMMITMENTS

The Company is obligated under a lease agreement for commercial space in Grapevine, Texas. The Company shares the lease space with a related company. The lease term is thirty-six months and expires April 30, 2015. Total monthly payments are on the lease are \$2,006 per month. The portion of this paid by the Lash Lounge Franchise LLC is \$1,003. Expense related to the leased space 2012 totaled \$10,273.

Payments due under the lease agreement due in 2013 and 2014 total \$12,034 annually and \$ 4,011 due in 2015.

NOTE 4 - RELATED PARTY TRANSACTIONS

The LLC has borrowed funds for start-up and operating expenses from the owner and related companies owned by the owner. The funds are due on demand with no stated terms or interest rate. Repayment is expected to be made when additional franchises are sold.

THE LASH LOUNGE FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 - EMPLOYEE BENEFIT PLAN

The LLC adopted a 401(k) profit sharing plan in 2012. The plan covers substantially all employees. The plan allows pre-tax elective deferrals of compensation subject to statutory limitations. Employer contributions can be made, if approved by management. The LLC made no contributions to the plan in 2012.

NOTE 6 - GOING CONCERN

The LLC made its first offering to the public in 2010. After the initial offering, the Company began advertising and marketing franchises. The ability of the Company to continue as a going concern depends on the success of the marketing plan and resulting sales of additional franchises. The owner plans to continue to borrow from related parties or seek outside funding as necessary to fund continued operations until additional franchises are sold.

THE LASH LOUNGE FRANCHISE LLC
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011 AND FOR
THE YEAR THEN ENDED
TOGETHER WITH AUDITOR'S REPORT

SPILLAR, MITCHAM, EATON & BICKNELL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL D. MITCHAM
JEFFERY L. EATON
TIMOTHY J. BICKNELL

INDEPENDENT AUDITOR'S REPORT

March 27, 2012

To the Owner
The Lash Lounge Franchise LLC
Colleyville, Texas

We have audited the accompanying balance sheet of The Lash Lounge Franchise LLC (an S Corp) as of December 31, 2011, and the related statement of income and member equity and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lash Lounge Franchise LLC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Spillar, Mitcham, Eaton & Bicknell, LLP
Spillar, Mitcham, Eaton & Bicknell, LLP

THE LASH LOUNGE FRANCHISE LLC
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash	\$ 4,372
Savings	245
Restricted cash	14,033
Trade receivable	7,006
Prepaid expenses	1,980
Receivable from related party	<u>1,050</u>

Total Current Assets \$ 28,686

PROPERTY AND EQUIPMENT

Furniture and equipment	4,782
Less: accumulated depreciation	<u>(1,426)</u>

Total Property and Equipment 3,356

OTHER ASSETS

Trademark	4,359
Web-site development less amortization	12,230
Security deposit	<u>1,100</u>

Total Other Assets 17,689

TOTAL ASSETS

\$ 49,731

LIABILITIES AND MEMBER EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 7,436
Advertising payable	<u>13,000</u>

Total Current Liabilities \$ 20,436

LONG TERM LIABILITIES

Due to related parties	<u>182,109</u>
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Total Liabilities 202,545

MEMBER EQUITY

Member equity	<u>(152,814)</u>
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TOTAL LIABILITIES AND MEMBER EQUITY

\$ 49,731

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

THE LASH LOUNGE FRANCHISE LLC
STATEMENT OF INCOME AND MEMBER EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUES		
Franchise sales	\$ 60,000	
Royalty income	27,844	
Training income	<u>2,264</u>	
Total Revenues		\$ 90,108
EXPENSES		
Advertising	32,251	
Commission	22,500	
Computer and internet	5,738	
Contract labor and outside services	19,047	
Depreciation and amortization	1,788	
Design costs	1,130	
Dues	1,550	
Meals and entertainment	982	
Meetings and seminars	1,740	
Office supplies and postage	2,277	
Printing and reproduction	3,260	
Professional fees	17,229	
Rent	7,050	
Salaries	41,458	
Payroll tax	4,123	
Telephone	564	
Travel	2,161	
Utilities	1,423	
Web-site expense	<u>27,401</u>	
Total Expenses		<u>193,672</u>
NET (LOSS) FROM OPERATIONS		(103,564)
OTHER INCOME		
Interest		<u>21</u>
NET (LOSS)		(103,543)
MEMBER EQUITY (DEFICIT)- JANUARY 1, 2011		<u>(99,271)</u>
MEMBER EQUITY (DEFICIT)- DECEMBER 31, 2011		<u><u>\$(202,814)</u></u>

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

THE LASH LOUNGE FRANCHISE LLC
STATEMENT OF CASH FLOW
FOR THE YEAR DECEMBER 31, 2011

OPERATING ACTIVITIES	
Net loss	\$(103,543)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	1,788
(Increase) Decrease in:	
Restricted cash	(3,528)
Accounts receivable	1,944
Prepaid expenses	(880)
Increase (Decrease) in	
Accounts payable	6,161
Advertising payable	<u>(7,000)</u>
 NET CASH USED IN OPERATING ACTIVITIES	 \$(105,058)
FINANCIAL ACTIVITIES	
Borrowing from related parties	105,931
INVESTING ACTIVITIES	
Equipment purchase	<u>(504)</u>
 NET INCREASE IN CASH	 369
CASH - January 1, 2011	4,248
CASH - December 31, 2011	<u>\$ 4,617</u>

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

THE LASH LOUNGE FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS ACTIVITY

The Lash Lounge Franchise LLC was organized as a Texas Limited Liability Company in 2009. The organization was formed to market rights to operate salons providing eyelash extensions and other health, beauty and fashion related services and products.

In 2011 two additional were awarded. One franchise opened in 2011 and the other in 2012.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

PROPERTY AND EQUIPMENT/DEPRECIATION

Physical property includes computer and office equipment.

All assets are recorded at cost and depreciation is computed using the straight line method over lives of five years. Depreciation for the year is \$914.

AMORTIZATION

The Company is amortizing the cost of developing the website. The cost is being amortized over 15 years. The expense in 2011 is \$874.

INCOME TAXES

The financial statements do not include a provision for income tax because the LLC has elected to be taxed as an S Corporation which does not incur federal income tax. Instead, earnings or losses are included in the owner's personal income tax return.

Generally, the tax returns related to the Company's activities remain open for three years for federal income tax examination and four years for Texas state margin tax.

REVENUE RECOGNITION

The Company's revenue is earned when franchises are sold to the extent outlined in the franchise agreement. The agreement states a portion of the initial franchise fee is to fund grand opening advertising. The amounts collected for these costs are shown as restricted cash. Uncollected amounts are included in advertising receivable. A related amount is recorded as advertising payable.

THE LASH LOUNGE FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Per the franchise agreement, additional revenue will be earned by the Company based on the gross revenues of the franchises.

SUBSEQUENT EVENTS

Subsequent events were evaluated through March 27, 2012, which is the date the financial statements were available to be issued.

ADVERTISING

The Company expenses advertising costs as incurred.

ACCOUNTS RECEIVABLE

The Company uses allowance method for financial statement purposes. All receivables are considered fully collectable by management.

STATEMENT OF CASH FLOWS

For purposes of the statements of cash flow, cash includes all unrestricted cash on hand and in the bank.

NOTE 2 - FRANCHISE AGREEMENTS

The franchisee acquires the license to use and sublicense the use of the "Salon" featuring the application of semi-permanent and temporary eyelash extensions and other eye-enhancing services for a ten year term. The franchisee will operate a retail boutique, under terms of the agreement, with sales of items under the trademark THE LASH LOUNGE in a protected area defined by the agreement. The agreement calls for initial and royalty fees. Training and opening assistance is provided

NOTE 3 - LEASE COMMITMENTS

The Company is obligated under a lease agreement for commercial space in Colleyville, Texas. The Company shares the lease space with a related company. The lease is twenty-four months and expires March 31, 2012. Total monthly payments are \$1,200 per month. Expense related to the lease for the Company in 2011 totaled \$7,050.

NOTE 4 - RELATED PARTY TRANSACTIONS

The LLC has borrowed funds for start-up and operating expenses from the owner and related companies owned by the owner. The funds are due on demand with no stated terms or interest rate. Repayment is expected to be made when additional franchises are sold.

THE LASH LOUNGE FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 5 - GOING CONCERN

The LLC made its first offering to the public in 2010. After the initial offering, the Company began advertising and marketing franchises. The ability of the Company to continue as a going concern depends on the success of the marketing plan and resulting sales of additional franchises. The owner plans to continue to borrow from related parties or seek outside funding as necessary to fund continued operations until additional franchises are sold.

EXHIBIT F
**LIST OF FRANCHISEE AND
FRANCHISOR-OWNED OUTLETS**

**LIST OF FRANCHISEES
As of December 31, 2013**

Franchisees with Outlets Open:

Salon #	Owner	Street Address	City	ST	Zip	Phone
F00006	ACDC Investments, LLC Amy Cline and Darin S. Cline	930 Market Street	Allen	TX	75013	(214) 383-9900
F00005	BLINK BTR, LLC Brian Robertson and Teresa Robertson	10601 FM 2222 Suite I	Austin	TX	78730	(512) 346-5274
F00001	AP Dreamworks, LLC	16 Village Lane Suite 150	Colleyville	TX	76034	(817) 514-9300
F00004	Kathy Flores and Marc Flores	11661 Preston Road, Suite 119	Dallas	TX	75230	(214) 3635274
F00003	JZ Enterprises, LLC Lyn Thy Pham Krista Lynn Mammoser	1400 Shoal Creek Suite 140	Highland Village	TX	75077	(972) 317-1125
F00002	AP Dreamworks, LLC	5717 Legacy Drive Suite 130	Plano	TX	75024	(972) 801-9073

Franchisees with Franchise Agreements Signed but Outlet Not Opened:

Salon #	Owner	Street Address	City	ST	Zip	Phone
TBD	BLINK BTR, LLC Brian Robertson and Teresa Robertson	TBD	Allen	TX	TBD	TBD
F00007	JMS Beautiful Eyes, Corp. Marjorie Ward and Jeff Ward	187-A Heights Blvd.	Houston	TX	77007	713-865-5274
F00008	BLINK BTR, LLC Brian Robertson and Teresa Robertson	200 University Blvd. Suite 410	Round Rock	TX	78665	512-868-5274

LIST OF FORMER FRANCHISEES
As of December 31, 2013

The following are franchisees who have been terminated, canceled, not renewed, or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the date of issuance of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

NONE.

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

EXHIBIT G
**LIST OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR
CALIFORNIA	Department of Business Oversight 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington St., Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Department of Attorney General Consumer Protection Division Franchising Unit 525 West Ottawa Street G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48913 (517) 373-1837
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway New York, New York 10271-0332 (212) 416-8000
NORTH DAKOTA	North Dakota Securities Department 600 East Blvd. Avenue State Capitol, Fifth Floor Dept. 414 Bismarck, North Dakota 5805 (701) 328-4712

STATE	STATE ADMINISTRATOR
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue, Building 69-1 Cranston, Rhode Island 02920 (401) 462-9585
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 East Capitol Pierre, South Dakota 57501-3185 (605) 773-4823
TEXAS	Statutory Document Section Secretary of State P.O. Box 12887 Austin, Texas 78711
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division - 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 345 West Washington Street, 4 th Floor Madison, Wisconsin 53703 (608) 266-3364

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

STATE	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Secretary of State 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204
MICHIGAN	Michigan Department of Labor & Economic Growth Commercial Services & Corporations Bureau 611 West Ottawa Street Lansing, Michigan 48909
NEW YORK	Secretary of State of the State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 11231
TEXAS	Anna Phillips 1925 Fairfield Drive Grapevine, Texas 76051
VIRGINIA	Clerk, State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1 st Floor Richmond, Virginia 23219
WASHINGTON	Director, Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501

EXHIBIT H
RECEIPTS

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 The Lash Lounge Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

Applicable state laws in (a) Michigan requires us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If The Lash Lounge Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit F to this disclosure document).

The franchisor is The Lash Lounge Franchise, LLC, 2200 Pool Road, Suite 106, Grapevine, Texas 76051. Its telephone number is 817-442-LASH (5274)

Issuance Date: April 18, 2014

The franchise seller for this offering is:

Name	Principal Business Address	Telephone Number
Anna Phillips	2200 Pool Road, Suite 106, Grapevine, Texas 76051	817-442-5274
Shari Harrold	2200 Pool Road, Suite 106, Grapevine, Texas 76051	817-442-5274

I received a Disclosure Document with an issuance date of _____, 2014. State registration effective dates are listed on the State Registrations page contained in the Disclosure Document. The Disclosure Document included the following Exhibits:

State Specific Addenda

- Exhibit A – Franchise Agreement and all Attachments
- Exhibit B – Area Development Agreement and all Attachments
- Exhibit C – General Release (Sample Form Only)
- Exhibit D – Table of Contents of Confidential Operations Manual
- Exhibit E – Financial Statements
- Exhibit F – List of Franchisees
- Exhibit G – List of State Administrators and Agents for Service of Process
- Exhibit H – Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed, individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

Signed, individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

[KEEP THIS PAGE FOR YOUR RECORDS]

Receipt

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If The Lash Lounge Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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- Exhibit F – List of Franchisees
- Exhibit G – List of State Administrators and Agents for Service of Process
- Exhibit H – Receipts

Dated: _____

Dated: _____

Printed Name

Printed name

Signed individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

Signed, individually and as an officer of
 _____ (a Corporation)
 _____ (a Partnership)
 _____ (a Limited Liability Company)

[Please return this completed form to The Lash Lounge Franchise, LLC by Facsimile: 817-900-9190, E-mail: info@thelashlounge.com; or Regular Mail: 2200 Pool Road, Suite 106, Grapevine, Texas 76051.]