

REGIONAL FRANCHISE DISCLOSURE DOCUMENT



HTBH, LLC

A Virginia limited liability company 8150 Leesburg Pike, Suite 1205 Vienna, Virginia 22182 703-969-0614 mike@dogdaycare.com www.dogdaycare.com

As a DOGTOPIATM regional developer, you will recruit and support unit franchisees of DOGTOPIA Businesses in your region if you choose, and you or an affiliate will operate at least 1 DOGTOPIA Business for at least 2 years in your region.

The total investment necessary to begin operation of a DOGTOPIA regional business ranges from \$110,625 to \$443,125. This includes \$95,625 to \$384,000 that must be paid to franchisor. See Items 5 and 7 for more information.

This disclosure document summarizes certain provisions of the regional developer agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, 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 to you. To discuss the availability of disclosures in different formats, contact Mike Schlegel at 8150 Leesburg Pike, Suite 1205, Vienna, Virginia 22182, 703-969-0614, mike@dogdaycare.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "<u>A Consumer's Guide to Buying a Franchise</u>," 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, DC 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 be laws on franchising in your state. Ask your state agencies about them.

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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 A 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 THE REGIONAL 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 REGIONAL DEVELOPER AGREEMENT REQUIRES YOU TO LITIGATE OR ARBITRATE DISPUTES WITH US IN VIRGINIA. OUT-OF-STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE OR ARBITRATE WITH US IN VIRGINIA THAN IN YOUR OWN STATE.
- 2. THE REGIONAL DEVELOPER AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY.
- 4. WE MAY TERMINATE YOUR TERRITORIAL RIGHTS OR REDUCE THE SIZE OF YOUR REGION IF YOU DO NOT SATISFY YOUR OBLIGATIONS UNDER YOUR DEVELOPMENT SCHEDULE.
- 5. WE WERE ORGANIZED IN SEPTEMBER 2012, SO WE HAVE A LIMITED OPERATING HISTORY. OUR PRINCIPALS, HOWEVER, HAVE BEEN MANAGING DOGTOPIA BUSINESSES AND PROVIDING SUPPORT TO DOGTOPIA FRANCHISEES FOR SEVERAL YEARS.
- 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 regional franchises. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our regional franchises or referring you to us. You should make sure to do your own investigation of the regional franchise.

Effective Dates: See next page for effective dates in various jurisdictions.



STATE EFFECTIVE DATES

This disclosure document is effective as of the issuance date for use in Alabama, Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, West Virginia, Wisconsin (offers only), Wyoming, Washington, D.C., American Samoa, Federated States of Micronesia, Guam, Marshall Islands, Northern Mariana Islands (including Saipan), Palau, Puerto Rico and Virgin Islands.

This disclosure document is not effective and may not be used in the following states, where it is not currently filed, registered or exempt from registration:

California, Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island, Virginia, Wisconsin (for sales) and Washington.

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