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FRANCHISE DISCLOSURE DOCUMENT

AAP FRANCHISING, LLC
409 Woodport Road
Sparta, NJ 07871
(973) 879-3651
franchising@actingapart com
www actingapart com

The franchise is for the establishment and operation of a dynamic theatre company and movie production studio that offers acting classes to students of all ages implementing specialized curriculums, techniques and instruction (an **"Acting-A-Part franchise"** or the **"Franchised Business"**) In addition, Acting-A-Part franchises provide students with the opportunity to write, create, direct and act in their very own productions

The total investment necessary to begin operation of a single unit Acting-A-Part studio ranges from $40,425 00 to $72,350 00 For conversion studios, the total investment ranges from $29,150 00 to $48,150 00 These figures include an initial franchise fee of $25,000 00 that must be paid to us for a new Acting-A-Part studio The initial franchise fee for a conversion Acting-A-Part studio is $20,000 00

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different forms, contact Erika Lupo, AAP Franchising, LLC, 409 Woodport Road, Sparta, NJ 07871 or (973) 879-3651 You can also reach us by email at franchising@actingapart com

The terms of your Franchise Agreement will govern your franchise relationship Do not rely on the disclosure document alone to understand your Franchise Agreement Read your franchise agreement carefully and in its entirety It is **strongly recommended** you that show your franchise agreement and this disclosure document to an advisor, like a lawyer or an accountant

Buyıng a franchıse ıs a complex ınvestment The ınformatıon ın thıs dısclosure document can help you make up your mınd More ınformatıon on franchısıng, such as "Buyıng a Franchıse A Consumer Guıde' whıch can help you understand how to use thıs dısclosure document, ıs avaılable from the Federal Trade Commıssıon You can contact the FTC at 1-877-FTC-HELP or by wrıtıng to the FTC at 600 Pennsylvanıa Avenue, NW, Washıngton, D C 20580 You can also vısıt the FTC s home page at www ftc gov for addıtıonal ınformatıon Call your state agency or vısıt your publıc lıbrary for other sources of ınformatıon on franchısıng

There may also be laws on franchısıng ın your state Ask your state agencıes about them

Date of Issuance February 3, 2016

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 J** 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW JERSEY OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST MORE TO ARBITRATE WITH AAP FRANCHISING, LLC IN NEW JERSEY THAN IN YOUR HOME STATE

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

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We do not currently, but may in the future 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 be sure to do your own investigation of the franchise opportunity

The effective dates of this Disclosure Document in the states with franchise registration laws in which we have sought registration appear below

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 states having franchise registration and disclosure laws, with the following effective dates

STATE	EFFECTIVE DATE
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of February 3, 2016

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise

1 A prohibition on the right of a franchisee to join an association of franchisees

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

3 A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need more than 30 days, to cure such failure

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

5 A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances This section does not require a renewal provision

6 A provision requiring that arbitration or litigation be conducted outside this state This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state

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

(a) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards,

(b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor,

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

(d) 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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,00 00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled At the option of the franchisor, a surety bond may be provided in place of escrow

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

Any questions regarding this notice should be directed to

State of Michigan
Consumer Protection Division
Attn Franchisee
670 G Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
Telephone Number (517) 373-711

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EXHIBITS

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

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify language in this Franchise Disclosure Document (the "**Disclosure Document**"), "**we**" or "**us**" means AAP Franchising, LLC ("**AAPF**" or "**AAP Franchising**"), the Franchisor "**You**" or "**your**" means the person who is awarded the franchise rights If you are a corporation, partnership or other entity, the word "**you**" may also include shareholders, partners, or members of the franchisee entity If you are a corporation, partnership or other legal entity, certain provisions of the Franchise Agreement and related agreements will apply to your shareholders, partners, members and owners, as applicable These provisions will be noted where applicable **(See Item 15)**

The Franchisor, its Parents, Predecessors and Affiliates

We are a New Jersey limited liability company formed on March 27, 2013 Our principal business address is 409 Woodport Road, Sparta, New Jersey 07871 We do business under our corporate name and under the trade names Acting-A-Part and Acting-A-Part Studios If we have agents in your state for service of process, they are disclosed in **Exhibit "J"** to this Disclosure Document

We commenced offering Acting-A-Part franchises on October 1, 2013 We do not engage in any business other than the offer and sale of Acting-A-Part franchises We have never offered franchises in any other line of business We do not conduct business under any other name

We are party to an intellectual property license agreement with our affiliate, AAP IP Holder, LLC ("**AAPIP**"), a Delaware limited liability company formed on March 27, 2013, solely to be the holder of our intellectual property AAPIP's principal business address is 409 Woodport Road, Sparta, New Jersey 07871 AAPIP is owned by the principals of AAPF and has never offered franchises in the acting instruction industry or in any other line of business

Our affiliate, Acting-a-Part, L L C ("**AAPL**"), is a New Jersey limited liability company with a principal business address of 409 Woodport Road, Sparta, New Jersey 07871 AAPL currently operates two (2) Acting-A-Part Studios, located in Sparta, New Jersey and Ridgewood, New Jersey (the "**Affiliate-Owned Studios**") The business and format of the Acting-A-Part Studios owned and operated by AAPL is the basis upon which this franchise offering is made to you

AAPL has also owned and operated the Acting-A-Part Theater Company since 2002 The Acting-A-Part Theater Company offers acting classes in a studio setting, where students participate in instructive classes and produce their own theater and film productions AAPL also offers "acting" themed parties and collaborates with the Historic Bucks County Playhouse and Willow Lake Day Camp in Jefferson, New Jersey AAPL also offers several theater and film programs through various school districts

AAPL is owned by the principals of AAPF and has never offered franchises in the acting instruction industry or any other line of business

We have no other predecessors or affiliates that offer franchises in any line of business, or provide products or services to you on our behalf

The Franchised Business

We grant Acting-A-Part franchises to qualified candidates for the right to develop and operate an Acting-A-Part Studio (each an **"Acting-A-Part Studio" or a "Studio"**), which provides a comprehensive studio concept offering state of the art theater and film classes provided in a studio setting Acting-A-Part Studios also offer alternative programs, including birthday parties and interactive mystery dinner events Programs offered at Acting-A-Part Studios appeal to students interested in professional acting, as well as those seeking to further their enjoyment of stage or film acting The Acting-A-Part Studio experience is designed to instill and improve students' theatrical skills and self-confidence Performances and productions originating from Acting-A-Part Studios have been featured at the Garden State Film Festival Our philosophy is best embodied in our slogan *"Bridging the Gap from School Play to Broadway "* We refer to this business as the **"Franchised Business"** in this Disclosure Document

You must sign our standard Franchise Agreement (the **"Franchise Agreement"**) in the form attached as **Exhibit "A"** to this Disclosure Document The Franchise Agreement grants you the right to develop, own and operate a single Acting-A-Part Studio at an approved location (the **"Unit Franchise"**) You may operate one Acting-A-Part Studio for each franchise agreement that you sign with us Your Acting-A-Part Studio must offer only those services and products that we have authorized or approved We reserve the right to add, modify or delete any services or products that you must offer or sell at your Acting-A-Part Studio at any time at our discretion

The Franchised Business will operate under the trade name, trademark, and service mark ACTING-A-PART and will use other trade names, service marks, trademarks logos, emblems and indicia of origin that we designate for use by Acting-A-Part businesses (the **"Proprietary Marks"** or the **"Marks"**) The Marks were licensed to us by AAPIP pursuant to a written licensing agreement dated October 2, 2013 We use and license others to use the Proprietary Marks and our proprietary operating system, which includes our curriculum and system for training Acting-A-Part instructors and providing acting instruction and theater classes to our students (the **"System"**)

Agents for Service of Process

We disclose our agents for service of process in **Exhibit "J"** to this Disclosure Document

The Market and Competition

Acting-A-Part Studios offer acting and theater classes and related services and products to the general public We believe that while the market for professional and recreational acting classes is a niche area that is still developing, it has become more competitive in recent years As such, you will compete with other professional and recreational acting classes, both franchised and independently owned, and some of which may be located in the same area in which your Acting-A-Part Studio is located You will compete with a variety of businesses, from locally owned businesses to national businesses The market for your programs is broad, ranging from young children to experienced and skilled actors and actresses

Although we believe that there are other competitors providing services somewhat similar to those franchised by us, the broad range of acting and theater classes and programming we offer is unique As such, we believe our competitive position is enhanced by our operational format and such services

Applicable Government Regulations

There are no known governmental regulations specific to operating an Acting-A-Part Studio You must comply with all federal, state, and local laws and regulations pertaining, directly or indirectly, to the dance industry, including without limitation The American with Disabilities Act, the Fair Labor Standards Act, immigration laws, and building codes You should consult with your attorney and local, state and federal government agencies before buying your Acting-A-Part Studio, or any other business to determine all legal requirements and consider their effects on you and the cost of compliance It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time You must keep current all licenses, permits, and certifications required by any federal, state or local government agency in connection with the operation of a Acting-A-Part Studio

ITEM 2 BUSINESS EXPERIENCE

Founder, Chief Executive Officer Erika Lupo

Erika Lupo is the founder of the Acting-A-Part concept and serves as the Principal and Owner of AAPL and AAPIP Erika opened her first Acting-A-Part Studio in 2002 Erika has served as our Chief Executive Officer from inception through the present In that capacity, she is responsible for developing and implementing high-level strategies, making major company decisions, and managing the overall operations and resources of the franchise enterprise

Erika also serves as the Managing Member of AAPL and has done so from its inception through the present, overseeing the operations at each of the 2 Affiliate Owned Studios In that capacity, Erika is responsible for staffing, marketing and all administrative duties Erika runs and teaches the programs offered at her Affiliate Studios, as well as at AAPL's summer camp programs

Erika launched the Acting-A-Part enterprise after completing 15 years as an English teacher in the Ramsey and Maplewood, New Jersey school districts

ITEM 3 LITIGATION

There is no litigation required to be disclosed in this Disclosure Document

ITEM 4 **BANKRUPTCY**

There is no bankruptcy information required to be disclosed in this Disclosure Document

ITEM 5 **INITIAL FEES**

Franchise Fee

Upon signing the Franchise Agreement, you must pay us in lump sum a non-refundable initial franchise fee (the "**Initial Franchise Fee**" or the "**Initial Fee**") The Initial Franchise Fee for a newly developed Studio is $25,000 00 We offer a discount of the Initial Franchise Fee under limited circumstances, namely, we offer a one-time discount of $2,000 00 for any person who is currently employed as a classroom instructor or aide in any public, parochial or private school or daycare facility This discount is only available for new Studios and is limited to the first franchise purchased

At the time you sign your Franchise Agreement and subject to our approval, you may purchase one additional Acting-A-Part franchise for $18,000 00 If you purchase three or more Acting-A-Part franchises, if purchased at the same time, each additional Acting-A-Part franchise will be sold for $16,500 00 each You must sign a separate franchise agreement for each franchise that you purchase

The Initial Franchise Fee for a conversion studio is $20,000 00 To be considered a conversion studio, the Acting-A-Part studio premises must be solely dedicated to use as an Acting-A-Part Studio and cannot be used for any other business activity or shared with any other business (a "**Conversion Studio**")

In all cases, the Initial Franchise Fee is deemed fully earned by us upon receipt We are not required to refund your Initial Franchise Fee under any conditions We use the Initial Franchise Fee to provide support services to our franchisees Except as provided herein, we charge the Initial Franchise Fee uniformly to all franchisees

ITEM 6 **OTHER FEES**

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee *See Note 1*	For the first six (6) months, 5% of Gross Revenues Beginning on the 7th and for the duration of the term of the Agreement, the Royalty Fee shall be the greater of 5% of Gross Revenues or $200 00 per month	Payable on the 15th of each month for the prior month's Gross Revenues	Royalty Fees are payable to us You must pay the Royalty Fee by electronic funds transfer

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Local Advertising, Marketing and Promotional Expenditures	A minimum of $6,500 per year (not including any Grand Opening advertising)	Annual expenditure required to be spent by you on local advertising	Uniformly imposed on all franchisees Local advertising funds are spent throughout the year, and do not need to be paid equally on any defined periodic basis You must submit an annual advertising plan to us for approval All advertisements must be approved by us Local advertising, marketing and promotional expenditures are payable to third parties
Brand Fund Contribution	Up to 2% of monthly Gross Revenues	Due with the same frequency and collected in same manner as Royalty Fee	We do not currently have a Brand Fund, but we reserve the right to establish one in the future
Optional Operational Consulting Charges	$75 00 per hour, or then-current hourly rate, plus reimbursement of direct costs	On demand	Fees and costs payable to us
Training Fee *See Note 2*	$300 00 per person per day for each additional person to be trained or if we require that you complete additional training, in addition to all costs and expenses incurred	As incurred prior to the commencement of additional training	The Training Fee is payable to us if you choose to send more individuals We reserve the right to hold mandatory training sessions and/or periodic conferences

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Production & Script Licensing Fees	Varies by script up to $500 per script plus $100 per performance of that particular production There is a $400 security deposit required which will be returned at the end of the season	As required by the relevant third-party licensor	Licensing fees are for the right and privilege to use productions and scripts copyrighted by third-parties
AAP Script Licensing and Copying Fees *See Note 3*	$450 00 per script	As invoiced, prior to performance of production	Licensing fees are for the right and privilege to use scripts or screenplays copyrighted by us or our affiliate Paid to us or our affiliate
Transfer Fee	50% of the then-current initial franchise fee, subject to a minimum payment of $12,500 00	The Transfer Fee is payable upon application to transfer	The Transfer Fee is payable to us when the Franchised Business is transferred to an unrelated third party There is no Transfer Fee when the proposed transferee is an entity controlled and owned by the current franchisee or upon franchisee's death or disability to a spouse, child or parent
Renewal Fee	25% of the then-current initial franchise fee, subject to a minimum payment of $6,250 00	Upon signing of renewal franchise agreement	The Renewal Fee is payable to us, in addition to any other fees to which we are entitled
Audit Fee	Costs and expenses of audit will vary depending on the circumstances	On demand	The Audit Fee is payable to us
Late Fee	$75 00	On demand	Only required if any payment or report is late
Interest on Late Payments	1 5% per month or the highest amount allowed by applicable law, whichever is less	On demand	Interest is payable to us from the date of nonpayment or underpayment

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Legal Costs and Professional Fees	Will vary under the circumstances and includes all costs and expenses including without limitation attorney's fees for any failure to pay amounts owed when due or your failure to comply with the Franchise Agreement	On demand	You will reimburse us for all legal or accounting fees that we incur as a result of any breach or termination of your Agreement
Technology Fee	$75 00 per month	Collected at the same frequency and in the same manner as the Royalty Fee	The Technology Fee is payable to us and covers use of proprietary studio management software and web site hosting
Operations Manual Replacement Fee	$500 00	On demand	The Operations Manual Replacement Fee is payable to us
Relocation Fee *See Note 4*	Costs and expenses	As incurred	The Relocation Fee is payable to us
Testing or Supplier Approval Fee	$500 00, in addition to our reasonable costs and expenses if we evaluate a proposed product, service or supplier at your request The Testing or Supplier Approval Fee shall be refunded if the proposed product, service or vendor is approved by us for use by the entire franchise system	Upon request	The Testing or Supplier Approval Fee are payable to us
Post-Termination or Post-Expiration Expenses *See Note 5*	Costs and expenses	On demand	Reimbursement of our post-termination or post-expiration expenses are payable to us

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Indemnification *See Note 6*	Will vary under circumstances	On demand	You must indemnify us when certain of your actions result in loss or damages to us
Reimbursement of Costs and Expenses *See Note 7*	Costs and expenses	On demand	Reimbursement of costs and expenses are paid to us
Management Fee	20% of Gross Revenues for the period in which we operate the Franchised Business, plus expenses	Due with the same frequency and collected in the same manner as the Royalty Fee	Payable during the period that our appointed manager manages the Franchised Business to avoid interruption of business operations, at our option, in the event that i) you or your majority owner dies or becomes disabled, ii) we elect to purchase the business assets upon expiration or termination of the Franchise Agreement or iii) you operated the Franchised Business in a manner that presents a danger to the health or safety of any person
Insurance	Amount of unpaid premiums	As invoiced	Payable only if you fail to maintain the required insurance coverage, and we elect to obtain coverage for you

All fees and expenses described in this chart are non-refundable All fees are uniformly imposed Except as otherwise indicated above, we impose all of the fees and expenses listed We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer There are no other recurring or isolated fees other than those listed above While the fees and costs in this **Item 6** are uniform as to all persons currently being offered a franchise, we reserve the right to discount or waive certain of these fees and costs as circumstances warrant All fees are nonrefundable

Notes

1 Royalty Fee payments are paid to us monthly via ACH on the 15th day of each month for the immediately preceding sales month Each Royalty Fee payment is calculated based on the Gross Revenues of your Franchised Business For the first 6 months during the first year of your Agreement, your Royalty Fee payment will be the total of 5% of the Gross Revenues of your Franchised Business Beginning on the 7th month, and for the duration of the term of the Agreement, the Royalty Fee payment shall be the greater of 5% of Gross Revenues or $200 00 per month

"**Gross Revenues**" are defined herein as all money collected by you from the sale of all memberships, classes, parties, camps, corporate events, merchandise and apparel purchased from non-affiliate entities, food and beverages and other services and goods sold or rendered by you (including, without limitation, sales and services sold through telephone, internet or other similar methods of commerce), whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Acting-A-Part Studio Gross Revenues will not include rebates or refunds to customers, any sales taxes or other taxes collected from customers by franchisee for transmittal to the appropriate taxing authority, or to the extent applicable, any revenue generated from the sale of merchandise or apparel bearing the Acting-A-Part Marks if purchased from us or our affiliate

2 Training for you and up to 2 other persons is included in the Initial Franchise Fee In our discretion, additional training may be provided for additional person(s) if all are trained at the same time or in conjunction with already scheduled training classes Training for additional persons will be charged at our then-current rate, which as of the date of this Disclosure Document is $300 00 per person per day We may require that you complete additional training as well If we provide you with additional training, we reserve the right to charge you our then-current fee for such refresher training, which as of the date of this Disclosure Document is $300 00 per person per day You are also responsible, at your expense, to pay for all travel, room and board and wages for you and your employees, as well as for the travel and living expenses for any of our trainers, if they are required to travel to your site for training purposes The cost of the trainers' travel and living expenses varies depending on the distance from our headquarters to your site

We may hold periodic mandatory workshops to discuss, new techniques and/or equipment, bookkeeping, accounting, inventory control, performance standards, advertising programs and merchandising procedures to improve and develop the Franchised Business In the event that such workshops are held, we reserve the right in our discretion to charge a fee for the event, and you must pay all your travel and living expenses related to your attendance at the workshop These workshops will be held at a location chosen by us In the event you or your instructor fails to attend our mandatory workshop(s), we can require that you obtain such training at an alternate location at your sole cost, at our then current pricing

3 We (or our affiliate) own the rights to numerous adapted movie scripts and screenplays which you may use, for a fee, for instructional purposes or in connection with your Studio productions, as long as you are a franchisee in good standing

4 If you relocate your Studio, you will be required to pay us any costs and expenses we incur in assisting you to relocate your Studio including, but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs

5 Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Studio If we do so, you must reimburse us for our costs and expenses

6 In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms of any Non-Competition Agreement or the Franchise Agreement against any individual required to execute such agreement, you must reimburse us for our reasonable attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement

7 If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may, in our sole discretion, correct the deficiency If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency

ITEM 7 <u>INITIAL INVESTMENT</u>

YOUR ESTIMATED INITIAL INVESTMENT - NEW STUDIO

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$25,000	Lump Sum	When you sign the Franchise Agreement	Us
Lease Deposits[2]	$1,100 to $6,250	As incurred	Before Opening	Landlord
Leasehold Improvements[3]	$0 to $10,000	As incurred	Before Opening	Contractors

Equipment, Fixtures and Furnishings[4]	$200 to $500	Lump sum	Before Opening	Us or Approved Suppliers
Permits and Licenses[5]	$0 to $1,000	As incurred	Before Opening	Governmental Authorities
Signage[6]	$200 to $2,000	As incurred	Before Opening	Us or approved supplier
Insurance Deposits and Premiums[7]	$1,125 to $4,500	As arranged	Before Opening	Insurance Company
Initial Inventory[8]	$500 to $700	As Incurred	Before Opening	Suppliers or us
Grand Opening Advertising[9]	$3,500	Lump sum	Before Opening	Suppliers, Media
Computer System and Software	$1,800 to $2,700	Lump Sum	Before Opening	Us or Approved Supplier
Pre-Opening Travel and Expenses[10]	$0 to $5,000	As Incurred	Before Opening	Airlines, hotels, restaurants
Professional Fees	$2,500 to $3,500	As Arranged	As Agreed	Attorney, Accountant
Utility Costs and Deposits	$0 to $200	As Agreed	Before Opening	Utility and Telephone Companies

Additional Funds - 3 Months[11]	$4,500 - $8,500	As Incurred	After Opening	Your Employees, Approved Suppliers and Creditors
Total[12]	**$40,425 to $73,350**			

Notes

1 See **Item 5** for information about the Initial Franchise Fee

2 Your Studio can be located in sublet space in a community facility such as a church or a school You may also choose to locate your Studio in a separate rented facility, such as a free standing building or retail storefront Our affiliate has operated Studios under both models Our estimates assume that either scenario will require a 2 month lease deposit Our low estimate assumes part time subletting of community space at a cost of $550 per month Our high estimate assumes that you rent a dedicated facility of approximately 1,500 square feet at an annual base rent of $25 00 per square foot Our estimates are based on suburban rental rates in northern New Jersey Depending on your location and prevailing rental rates, your costs, including rent, may be higher and may include additional pro-rata charges including common area maintenance and/or real estate tax

3 If you sublet community space, you typically will not be allowed to make modifications, as reflected in our low estimate Our high estimate assumes that you occupy a dedicated space, and you elect to make some improvements to that space with respect to aesthetics and layout

4 You will require furniture, including without limitation, chairs, as well as storage closets and backdrops There is no need for you to acquire video or audio recording equipment, as it will be supplied by the third-party providers that you utilize for these services

5 The cost of permits and licenses will depend upon the county or other geographic location in which the Studio is located

6 The range in the chart reflects the estimate for exterior and interior signage The actual cost of your exterior sign will depend upon the size and location of your Studio, the particular requirements of the landlord, local and state ordinances and local zoning requirements If you are located in shared community space, your signage options will be limited

7 Our insurance requirements are detailed in **Item 8** The range in the chart is based on the experience of our affiliate Our low estimate represents a 3 month down payment in the annual insurance premium Our high estimate represents a full year premium Your rates may be higher

8 The estimate includes the cost to purchase the supplies necessary to begin operating an Acting-A-Part Studio Additional inventory expenses are included in the Additional Funds estimate We may change the selection of equipment, supplies and retail inventory that you must provide at any time

9 See **Items 8 and 11** for more information about grand opening advertising

10 We provide initial training for you and two other persons without charge The figures in the chart reflect an estimate of the costs you will incur for travel, lodging and meals to attend this initial training The first 3 days of our initial training program is conducted at our Affiliate-Owned Studio located in Sparta, New Jersey or Ridgewood, New Jersey The last 2 days of training will take place at your Studio Your cost will vary greatly depending on your proximity to the training site and the level of accommodations that you use These estimates do not include payroll costs, if any, for your employees The low end of our estimates assume that you live within commuting distance of Sparta or Ridgewood, New Jersey and will not incur any lodging or meal expenses

11 This estimates your start up expenses and additional operating capital that you may need to operate your Franchised Business during the first 3 months of operations Additional Funds include additional operating expenses after the date you first begin operations of the Franchised Business that are not included in the individual line items in the chart above The Additional Funds is an estimate which is intended to cover such items such as possible initial operating losses, additional insurance, rent and security deposits, miscellaneous additional pre-opening costs, payroll, utilities, additional legal and accounting fees and payments to any governmental agency that are necessary to open the Franchised Business This is only an estimate, however, and the necessary amount will vary considerably with each franchisee We cannot guarantee this amount is sufficient You may require additional working capital over and above this estimated amount if your sales are low or if your fixed costs are high The expenses that you will incur during the initial start-up period will depend on factors such as the time of year that you open, local economic and market conditions, as well as whether your level of business experience The amount of Additional Funds that you may need will vary depending upon the location of the Studio, your individual needs and the sales level reached during this period With respect to rent, the range reflected in the chart contemplates a rent commencement date beginning upon the completion of construction of your Studio, which we estimate to be 1 month from approval of permits With respect to payroll, the range reflected in the chart does not include any payroll expenditures during the 3 month construction period The estimate does not include royalty and advertising contributions or any allowance for an owner s salary or draw We cannot estimate the operating results of your Studio

12 In preparing these estimates, in addition to relying upon the experience of our affiliate AAPL, we also relied upon our Principal's extensive business experience in teaching acting and film classes, as well as current operating expenses of similar studios and estimates obtained from suppliers in the northern New Jersey area These figures are estimates only, and we cannot guarantee that you will not have additional expenses opening and operating your Studio Your actual costs will depend on factors such as how well you follow the System, your management skill, experience and business acumen, local economic conditions, prevailing wage rates and the

overall level of competition You should review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase an Acting-A-Part franchise

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee

YOUR ESTIMATED INITIAL INVESTMENT - CONVERSION STUDIO

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$25,000 00	Lump Sum	When you sign the Franchise Agreement	Us
Lease Deposits[2]	$0	Lump Sum	Before Opening	Landlord
Leasehold Improvements[3]	$0 to $5,000	As incurred	Before Opening	Contractors
Equipment, Fixtures and Furnishings[4]	$200 to $500	Lump sum	Before Opening	Us or Approved Suppliers
Permits and Licenses[5]	$0 to $1,000	As incurred	Before Opening	Governmental Authorities
Signage[6]	$200 to $2,000	As incurred	Before Opening	Us or approved supplier
Insurance Deposits and Premiums[7]	$0	As arranged	Before Opening	Insurance Company
Initial Inventory[8]	$500 to $700	As Incurred	Before Opening	Suppliers or us

Grand Opening Advertising[9]	$3,500	Lump sum	Before Opening	Suppliers, Media
Computer System and Software	$0 to $2,700	Lump Sum	Before Opening	Us or Approved Supplier
Pre-Opening Travel and Expenses[10]	$0 to $5,000	As Incurred	Before Opening	Airlines, hotels, restaurants
Professional Fees	$2,500 to $3,500	As Arranged	As Agreed	Attorney, Accountant
Utility Costs and Deposits	$0	As Agreed	Before Opening	Utility and Telephone Companies
Additional Funds - 3 Months[11]	$2,250 - $4,250	As Incurred	After Opening	Your Employees, Approved Suppliers and Creditors
Total[12]	**$29,150 00 to $48,150 00**			

Notes

1 See **Item 5** for information about the Initial Franchise Fee

2 As a Conversion Studio, your Studio will already have a location Therefore, no additional rent deposits will be required

3 Our high estimate assumes that you occupy a dedicated space and that you elect to make some improvements with respect to aesthetics and layout to re-brand the space as an Acting-A-Part Studio

4 You will require furniture, including without limitation chairs, as well as storage closets and backdrops There is no need for you to acquire video or audio recording equipment, as these items will be supplied by the third-party provider that you utilize for these services

5 The cost of permits and licenses will depend upon the county or other geographic location in which the Studio is located

6 The range in the chart reflects the estimate for exterior and interior signage The actual cost of your exterior sign will depend upon the size and location of your Studio, the particular requirements of the landlord, local and state ordinances and local zoning requirements If you are located in shared community space, your signage options will be limited

7 Our insurance requirements are detailed in **Item 8** The range in the chart is based on the experience of our affiliate Our low estimate represents a 3 month down payment in the annual insurance premium Our high estimate represents a full year premium Your rates may be higher

8 The estimate includes the cost to purchase the supplies necessary to begin operating an Acting-A-Part Studio Additional inventory expenses are included in the Additional Funds estimate We may change the selection of equipment, supplies and retail inventory that you must provide at any time

9 See **Items 8 and 11** for more information about grand opening advertising

10 We provide initial training for you and two other persons without charge The figures in the chart reflect an estimate of the costs you will incur for travel, lodging and meals to attend this training The first 3 days of training is conducted at our Affiliate-Owned Studio located in Sparta, New Jersey or Ridgewood, New Jersey The last 2 days of training will take place at your Studio Your cost will vary greatly depending on your proximity to the training site and the level of accommodations that you use These estimates do not include payroll costs, if any, for your employees The low end of our estimates assume that you live within commuting distance of Sparta or Ridgewood, New Jersey and will not incur any lodging or meal expenses

11 This estimates your start up expenses and additional operating capital that you may need to operate your Franchised Business during the first 3months of operations Additional Funds include additional operating expenses after the date you first begin operations of the Franchised Business that are not included in the individual line items in the chart above The Additional Funds is an estimate which is intended to cover such items such as possible initial operating losses, additional insurance, rent and security deposits, miscellaneous additional pre-opening costs, payroll, utilities, additional legal and accounting fees and payments to any governmental agency that are necessary to open the Franchised Business This is only an estimate, however, and the necessary amount will vary considerably with each franchisee We cannot guarantee this amount is sufficient You may require additional working capital over and above this estimated amount if your sales are low or if your fixed costs are high The expenses that you will incur during the initial start-up period will depend on factors such as the time of year that you open, local economic and market conditions as well as whether your level of business experience The amount of additional funds that you may need will vary depending upon the location of the Studio, your individual needs and the sales level reached during this period With respect to rent, the range reflected in the chart contemplates a rent commencement date beginning upon the completion of construction of your Studio, which we estimate to be one (1)

month from approval of permits With respect to payroll, the range reflected in the chart does not include any payroll expenditures during the 3 month construction period The estimate does not include royalty and advertising contributions or any allowance for an owner's salary or draw We cannot estimate the operating results of your Studio

12 In preparing these estimates, in addition to relying upon the experience of our affiliate AAPL, we also relied upon our Principal's extensive business experience in teaching acting and film classes, as well as current operating expenses of similar studios and estimates obtained from suppliers in the northern New Jersey area These figures are estimates only, and we cannot guarantee that you will have additional expenses opening and operating your Studio Your actual costs will depend on factors such as how well you follow the System, your management skill, experience and business acumen, local economic conditions, prevailing wage rates and the overall level of competition You should review these numbers carefully with a business advisor such as a lawyer or accountant before making any decision to purchase an Acting-A-Part franchise

All fees and payments are non-refundable, unless otherwise stated or permitted by the payee

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Franchised Business in compliance with your Franchise Agreement and the standards and specifications contained in the Operations Manual In order to maintain the reputation, goodwill, high standards, quality and uniformity of the System, the Franchise Agreement restricts the sources of products and services you utilize in establishing and operating your Franchised Business We have the right to require some items to be purchased from us or our affiliates Some items can only be purchased from suppliers we have designated or approved, and others only in accordance with our standards and specifications In addition, we also have standards and specifications for your Studio, including furniture, fixtures and equipment

All equipment and products necessary for the operation of an Acting-A-Part Studio shall comply with our specifications and quality standards, and if required by us, shall be purchased only from approved suppliers that we designate or approve, which may be us or an affiliate We estimate that your required purchases and leases from us or our designated or approved sources, or those meeting our standards and specifications, will be approximately 30% to 35% of your total cost to establish an Acting-A-Part Studio and represents approximately 10% of your ongoing cost

Purchases from Us

You may be required to purchase certain products, equipment, and services directly from us or our affiliates We may designate ourselves, or an affiliate as a supplier, or the exclusive supplier, of any of the products or services used at your Franchised Business effective upon written notice to you Currently, neither we nor our affiliates are the exclusive supplier of any of the products you are required to purchase in connection with the operation of your Franchised Business As of the date of this Disclosure Document, neither we nor our affiliates have received any revenues from franchisees' required purchases from us or any of our affiliates, but we expect that we will receive revenues from such required purchases in the future

Purchases from Approved Suppliers

To maintain the superior quality of the goods and services sold by our Franchised Businesses and the reputation of the franchise network, you must purchase or lease certain fixtures, equipment and supplies, furnishings and furniture, and related items, as well as branded merchandise from suppliers that we designate or approve In certain instances we may designate a single source for these items that you must use We and our affiliates reserve the right to derive revenue from designated suppliers

While certain suppliers are currently mandated, approved and/or recommended, we reserve the right to change this list from time to time Approval of suppliers may be revoked in writing, with 30 days notice We may change approved suppliers periodically upon written notice to you We will identify all designated and approved suppliers in our Manual or in other written or electronic communications We do not make any express or implied warranties for any products or goods that we recommend for your use

Purchases According to Standards and Specifications

In order to maintain the uniformly high standards and reputation of the System, you are required to purchase or lease certain items in accordance with the specifications and guidelines issued by us This requirement applies to signage, certain equipment, the computer hardware and software required to operate your Franchised Business and other supplies to be used in developing and operating the Franchised Business Specifications may include minimum standards for quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions We consider these specifications to be of critical importance to the success of the System (All specifications and guidelines are more fully described in our Operations Manual)

Computer Hardware and Software – You are required to purchase the computer hardware and software described in **Item 11** of this Disclosure Document

Advertising and Promotional Materials – All of your advertising and promotions must conform to our standards and requirements We must approve all advertising and promotional materials before you use them You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 30 days before their intended use, and we will make reasonable efforts to approve or disapprove them within 15 days after we receive them You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so As noted in **Items 7 and 11**, you must conduct a grand opening advertising and promotional program for the Franchised Business in accordance with our standards and specifications

Insurance – You must obtain and maintain at your own expense, insurance coverage that we require We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business, and standards for underwriters of policies providing required insurance coverage, including i) our protection and rights under these policies as an additional insured, ii) required or permissible insurance contract provisions, iii) assignment of policy rights to us, iv) periodic verification of insurance coverage that must be furnished to us, v) our right to obtain insurance coverage at your expense if you fail to obtain required coverage, and vi) similar matters relating to insured and uninsured claims

All policies must be written by an insurance company satisfactory to us in accordance with the standards and specifications we prescribe in the Manual or otherwise in writing You are currently required to purchase and maintain throughout the term of the Franchise Agreement

1 Property casualty insurance on a replacement cost basis at a minimum limit based on the total value of your assets including your furniture, fixtures and equipment (including, but not limited to, fire, extended coverage, vandalism, and malicious mischief) Such property insurance shall include coverage for business interruption, the limits of which should be based on rent, financing, salaries, and income Your business interruption policy should cover, at minimum, lost income, costs and expenses incurred by your business if the Studio is rendered unusable for a minimum period of six months, with a maximum deductible of 72 hours Your property casualty insurance, including business interruption coverage shall be binding and in place from the commencement of construction of the Studio

2 Comprehensive general liability insurance with a minimum limit of $1,000,000 00 per occurrence (including but not limited to coverage for personal injury, products and contractual liability) with general aggregate coverage of $2,000,000 00 dollars as against all claims, suits, obligations, liabilities and damage, including attorneys fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of your Acting-A-Part Studio

3 Worker's compensation insurance (in your name) as required by applicable law If no such law exists, then you must participate in such other comparable insurance or benefit programs for your employees as required by us If your state recognizes and permits self-insurer programs, your participation in such program will satisfy our requirements under this subsection If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier

4 All other insurance required by the state or locality in which the Franchised Business is operated in such amounts as required by statute

5 Any other insurance we may reasonably require

If any location at which you operate your Franchised Business requires coverage limits in excess of those listed in this **Item 8**, than the requirements of that location shall control Notwithstanding the foregoing, coverage limits can never be lower than those listed above

You must also provide certificates of insurance evidencing your insurance coverage in compliance with these minimums at least 30 days before you commence operations of your Franchised Business, and thereafter on an annual basis and at least 30 days prior to the expiration of any such policy All insurance policies, except workers' compensation policies, must name us, as well as our officers and directors, as an additional insured party for the duration of the Franchise Agreement Upon our request and in our sole discretion, you may also be required to add future formed affiliate entities as additional insured on your policies You must also provide us advanced notice of any material changes to your policies or pending cancellation

We must be notified by the insurance company of any reductions in coverage or cancellation 30 days in advance of such reduction

<u>Site Selection and Approval</u> – You will have 180 days following the Effective Date of your Agreement to locate, receive our written approval of a site for the Franchised Business and acquire the premises for the Franchised Business If you fail to do so, we may at our sole discretion, withdraw our approval of your proposed site, terminate your Franchise Agreement, and we can retain 100% of any Initial Franchise Fee paid Our approval of your proposed site is discussed further in **Item 11**

The location for your Franchised Business must be at a site that we have approved We will not unreasonably withhold our approval of a site that meets our minimum criteria for an Acting-A-Part Studio Your lease or sublease for an approved site must be in a form satisfactory to us and contain terms and conditions acceptable to us Before you acquire the premises for the Franchised Business, you must submit to us all information that we request We will make reasonable efforts to approve or disapprove your proposed site within 30 days after we receive information from you to determine whether the proposed site meets our site selection criteria We will not unreasonably withhold our approval, but no site will be deemed to conform to our criteria unless we have expressly indicated that in writing We have the right to ensure that the proposed lease or sublease for the premises satisfy the leasing standards we prescribe before you sign it Further, for stand-alone Studio locations or Studios located in strip malls or commercial parks, we may require you and your landlord to sign our standard Addendum to Lease/Conditional Assignment of Lease **(See Item 11)**

<u>Supplier Approval Procedure</u>

If you propose to purchase or lease any services or products not previously approved by us in writing (for services and products that require supplier approval), you must first notify us We may require (among other things) submission of sufficient information, specifications and/or samples for us to determine whether the product or service complies with our standards and specifications, or whether the supplier meets our approved supplier criteria We generally apply the following criteria (among others) in considering whether the supplier will be designated as an approved supplier

1 Ability to produce the products, services, supplies, or equipment and meet our standards and specifications for quality and uniformity,

2 Production and delivery capabilities and ability to meet supply commitments,

3 Integrity of ownership (to assure that its association with us would not be inconsistent with our image or damage our goodwill) and

4 Financial stability

We may grant approval of alternative suppliers upon your written request Our standard form for such a request is annexed hereto as **Exhibit "C"** To the extent you elect to submit a request for an alternative supplier, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and any other information we deem material We reserve the right to update our evaluation protocols and criteria periodically Further, you will be required to remit to us a payment of $500 00 with your request (the "**Testing Fee**") You will also bear all of the costs or expenses incurred by us in conducting any testing of the proposed vendor's products and/or services To the extent the proposed vendor is approved, and we adopt the subject product or service for the use and benefit of the entire system, we will refund the Testing Fee to you

We will also choose the productions and scripts that you will use in connection with your Studio each season If you wish to use different scripts which we have previously approved for use, you must obtain our prior written approval If you wish to use a production or script which we have not previously approved, we may grant approval of alternative productions or scripts upon written request To the extent you submit a request for such approval, you will be required to pay to us the Testing Fee, plus our actual costs incurred in connection with our evaluation of your proposed production or script If after our evaluation we decide to implement your proposed production or script on a system-wide basis, we will refund the Testing Fee to you

Based on the information and/or samples you supply to us from the proposed alternative supplier, we will test the items supplied and review the proposed supplier's business reputation, delivery performance, credit rating and other information We reserve the right to update our criteria periodically We may permit you to purchase from alternative suppliers who meet our criteria after they are approved by us Although we are not required to approve or disapprove supplier requests within any particular time period, we generally respond within 30 days after we receive your written request Suppliers must maintain our standards in accordance with our written specifications and any modifications Failure to correct a deviation from our specifications will result in the termination of status as an approved supplier Our approval of any proposed supplier can be revoked upon written notice to you

<u>Purchasing Arrangements</u>

We may (but are under no responsibility to) negotiate with suppliers and manufacturers to receive discounts or rebates on certain items you must purchase In the event we seek rebates, we may use some of the rebates for the benefit of our franchisees (although we are under no obligation to do so) Our rebate programs, when and if established, may vary depending on the supplier and the nature of the product or service

As of December 31, 2015, we and our affiliates have not received any revenues from any required purchases or leases by franchisees We and our affiliates also have not received any revenues from any purchases or leases that you make from approved suppliers We may derive either rebates or other benefits from certain purchases you make from approved suppliers, which may include us or our affiliates, in the future, and these amounts are subject to change Certain approved suppliers may rebate a percentage of sales or a flat amount to us In the event we will seek rebates, we may use some of the rebates for the benefit of our franchisees (although we are under no obligation to do so)

Miscellaneous

There currently are no purchasing or distribution cooperatives When possible, we make our best efforts to negotiate discounts for your benefit for all mandated, designated, and recommended suppliers We do not provide any material benefits, such as renewal or granting of additional franchises, to you based on your purchase of a particular product or service or use of particular suppliers In doing so, we seek to promote the overall interests of the franchise system Except as described above, neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases

You must sell and provide all of the items and services offered for sale at our Affiliate-Owned Studios (as reflected in our Operations Manual), including any logoed merchandise and cosmetics You must also incorporate our designated productions and scripts into your programs each season If you develop or wish to offer any new items or additional items or services, including productions and scripts (collectively the "**Proposed Items**"), you must first obtain our written approval as set forth above We will have sole discretion to approve or disapprove any Proposed Items for use or sale at your Studio The process for obtaining our approval requires you to submit to us a written request seeking approval of the Proposed Items, along with any related information that we may request When you submit the information to us, the Proposed Items will become our property, and you will be required to sign the documents we deem necessary in order to implement this requirement We may approve the Proposed Items for sale or use at a limited number of Studios as part of a limited market test or for other reasons Unless we indicate otherwise, our approval under those circumstances will not extend to all franchisees under the franchise system

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
A Site Selection and Acquisition/Lease	Sections 1 2, 5 4, 5 5, 5 6, 5 8 Attachment	Items 8, 11 & 12

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
B Pre-Opening Purchase/Leases	Section 5	Items 7, 8 & 11
C Site Development and other Pre-Opening Requirements	Sections 5 4, 5 5, 5 6, 5 8, 5 10, 5 11, 5 14, 10	Items 8 & 11
D Initial and Ongoing Training and Assistance	Sections 2 2 8, 3 1, 3 2, 5 7, 5 8, 11 3 1 4, 11 3 1 15	Items 11 & 5
E Opening	Section 5 4	Item 11
F Fees	Section 4	Items 5, 6 & 7
G Compliance with Standards and Policies/ Operations Manual	Sections 1, 3, 5, 7, 11, 12	Items 8, 11 & 13
H Trademarks and Proprietary Information	Sections 6, 7, 13	Items 11, 13 & 14
I Restrictions on Products/Services Offered	Section 5	Items 8 & 16
J Warranty and Customer Service Requirements	Not Applicable	Not Applicable
K Territorial Development and Sales Quotas	Not Applicable	Not Applicable
L Ongoing Product/Service Purchases	Sections 5, 8 6 1	Item 8 & 16
M Maintenance, Appearance and Remodeling Requirements	Sections 1 4, 2 2 2, 5	Not Applicable
N Insurance	Section 10	Item 8
O Advertising	Sections 4 3-4 5, 9	Item 8 & 11
P Indemnification	Section 15	Not Applicable

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
Q Owner s Participation/Management/ Staffing	Sections 5 8- 5 11	Item 15
R Records and Reports	Sections 4, 8, 12 10	Not Applicable
S Inspections and Audits	Sections 3 5, 5, 8	Not Applicable
T Transfer	Section 11	Item 17
U Renewal	Section 2	Item 17
V Post-Termination Obligations	Section 12	Item 17
W Non-Competition Covenants	Section 13	Item 17
X Dispute Resolution	Section 20	Item 17

ITEM 10 FINANCING

We do not offer any direct or indirect financing We do not guarantee your loan, lease or obligations

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide any assistance to you under the Franchise Agreement

Pre-Opening Obligations Before you open your Acting-A-Part Studio, we will

1 We will make reasonable efforts to approve or disapprove the site you have selected for your Franchised Business within 30 days after we receive from you a complete site report or any other materials that we may require for assessing potential site locations If you have not heard from us within such time period, the proposed site is deemed disapproved In approving or disapproving any proposed site, we will consider such matters as we deem material, including, without limitation, demographic characteristics of the proposed site, traffic patterns,

parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area (including other Acting-A-Part Studios), the proximity to other businesses, the exclusivity granted to our other franchisees, the nature of other businesses in proximity to the site, the purchase price or lease terms for the proposed site and other commercial characteristics, the size of the premises, appearance, and other physical characteristics of the proposed site

You will have 180 days after you sign the Franchise Agreement to locate, receive our written approval and obtain such premises We do not currently own sites for lease to you or select sites for you From time to time, we may, at our discretion, offer guidance or assistance with the site selection process, but we are under no obligation to do so

2 We will furnish you with mandatory and suggested specifications for design, decoration, layout, equipment, furniture, fixtures, color scheme, signs and other operating materials required in connection with the operation of the Studio We will approve your plans and specifications if they meet our requirements (See **Item 8**)

3 We will provide you with written specifications for the operation and management of the Franchised Business, as well as our list of approved vendors, if any

4 We will loan you, for your sole use, one copy of the Operations Manual (the "**Manual**"), which will include specifications for equipment, supplies, inventory, management and operation The Manual is confidential and remains our property In the event you lose or destroy the Manual, you will be required to pay us a replacement fee of $500 00 for each subsequent Manual we provide to you

5 We will provide a comprehensive initial training program for up to 3 members of your instruction team, which shall include you as the franchisee Our initial training program is bifurcated into two segments "Director's Boot Camp" and "On the Job Training " We further describe this training later in this Item

6 We will approve or disapprove the grand opening advertising and promotional program you must conduct for the Studio during the 14 days before and 30 days after opening

<u>Continuing Obligations</u> During your operation of the Studio, we will do the following

1 Provide the general advisory assistance deemed by us in our discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business

2 Furnish guidance to you with respect to i) specifications, standards and operating procedures utilized by us and any modifications of them, ii) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies, iii) development and implementation of local advertising and promotional programs, iv) administrative, bookkeeping, accounting, inventory control, and general operating and management procedures and v) establishing and conducting employee training programs at the Studio Such guidance will, in our discretion, be furnished in the form of the Operations Manual, bulletins, written reports and

recommendations, other written materials, refresher training programs and/or telephonic consultations or consultations at our Affiliate-Owned Studios or at your Studio We will furnish the initial training program and any additional or refresher training programs to assistant managers and subsequently appointed managers at charges we establish and at such reasonable times as we designate

3 We may, in our sole discretion, require you or any Studio instructor or employee to participate in additional training programs at locations we designate We reserve the right to charge you our then-current fee for such additional training You are responsible for all costs and expenses incurred with such additional training

4 If you require additional operational assistance, we shall periodically furnish the services of a representative to provide additional operational training at your Studio in our discretion You shall pay a Consulting Fee to us in an amount of $75 00 per hour, or our then-current hourly rate, plus reimbursement of any direct costs which include any travel and lodging costs incurred

5 License to you the right to use the Marks and certain copyrighted works and will indemnify you from certain claims relating to your use of the Marks as more fully described in **Items 13 and 14**

6 On a periodic basis, conduct (as we deem advisable) inspections of the Franchised Business and its operations and evaluations of the methods and the staff

7 Provide you with updates, revisions and amendments to our Manual We may periodically modify the Manual but these modifications will not alter your fundamental status and rights under the Franchise Agreement

Although we may voluntarily provide additional services, no additional duties may be implied because we provide those additional services (if any) We have no implied duties or other duties not expressly stated in the Franchise Agreement

Advertising and Promotion

Approval of Advertising

All advertising by you in any medium must be conducted in a dignified manner and must conform to our standards and requirements You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least 30 days before their intended use, and we will make reasonable efforts to approve or disapprove them within 15 days after we receive them You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so ***You may not use any plans or materials until we have approved them*** You will promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us

Grand Opening Advertising and Promotional Program

You must spend a minimum of $3,500 00 on a grand opening advertising and promotional program, subject to our prior approval, for your Studio in accordance with our standards and specifications during the period encompassing 14 days before and 30 days after the opening of your Studio We may require you to submit expenditure reports detailing your grand opening marketing expenditures

Local Advertising

You must spend at least $6,500 00 each year on local advertising, marketing and promotional plans in your Protected Territory (as defined in **Item 12**) (' **Local Advertising**") (See, **Item 12**) At our request, you must give us an advertising expenditure report to show your compliance with the Local Advertising requirement Local Advertising expenses consist of the costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of "marketing" you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying We must approve all advertising and promotional plans and materials we do not prepare before you use them

Brand Development Fund

We may, in our discretion, establish a Brand Development Fund for the benefit of franchised Studios and Affiliate-Owned Studios on a regional and/or national basis (the "**Fund**" or "**Brand Development Fund**") If we establish a Fund, you will be required to contribute up to 2% of your monthly Gross Revenues to the Fund We will provide you at least 30 days written notice before the Fund will be operational

We (or our designee) will maintain and administer the Fund We will direct all advertising programs and will have sole discretion to approve the creative concepts, materials, and media used in the advertising programs and their placement and allocation We maintain the right to include generic language generally promoting Acting-A-Part franchise sales in all advertisements administered by the Fund, such as "Franchises Available" along with our contact information The Fund is intended to maximize general public recognition and acceptance of the Proprietary Marks and improve the overall collective success of all Acting-A-Part businesses We may, in the future and at our sole discretion, require that our Affiliate-Owned Studios contribute to the Fund generally on the same basis as you

We assume no fiduciary duty in administering the Brand Fund We and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising The Fund may be used to satisfy the costs of maintaining, administering, directing, creating, and producing advertising We will keep all sums you pay to the Fund in a separate account and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we may incur in the administration or direction of the Fund and advertising programs The Fund and its earnings will not otherwise benefit us

The Fund will be operated solely as a conduit for collecting and expending the advertising fees as outlined above

We will prepare an annual statement of the operations of the Fund that will be made available to you on request We are not required to have this statement audited Although the Fund is intended to be perpetual, we may terminate the Fund We will not terminate the Fund, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on a basis determined by us in our sole discretion The Brand Fund will not be used to solicit new franchise sales During our last fiscal year, no Fund had been established, and no monies were contributed to the Fund

Except as described above, we are not obligated to spend any amount on advertising in the area where your Franchised Business is located

Advertising Advisory Council

At our discretion, we may form an Advertising Advisory Council (the "**Council**") once there are a sufficient number of franchisees in the System The Council members will be the Acting-A-Part franchisees The Council shall serve in an advisory capacity only, advising us on operations, marketing and other subjects We have the authority to dissolve, change and reform the Council in our discretion

Local Advertising Cooperative

You may, at your discretion, participate in a local advertising cooperative with other franchisees in your area Cooperatives will usually be based on practical geographic divisions like cities, counties and states A cooperative, if established, will allow franchisee members to coordinate advertising and marketing efforts and programs and to maximize the efficient use of local advertising media

Computer System

As described in **Items 7 and 14**, we require that you purchase certain computer equipment (the "**Hardware**") and implement our proprietary web-based proprietary Studio management platform (the "**Management Platform**") (the Hardware and Management Platform shall collectively be referred to as the "**Studio Management System**") We may, in our sole discretion, modify or change the required Studio Management System via our Operations Manual

With respect to the Hardware, franchisees are required to purchase and install one personal computer with monitor, one all-in-one printer (black and white), and an internet connection (preferably wireless) Most of the Hardware components include a manufacturer s warranty

You are required to pay our Technology Fee for the rights to use our Management Platform (See, **Item 6**) We may modify or change the Management Platform as specified in our Operations

Manual Any support provided in connection with such Management Platform, whether by the manufacturer or otherwise, shall also be set forth in our Operations Manual

Franchisees are responsible for Hardware repairs or replacement for systems that are no longer covered under warranty There are no contractual limitations on the frequency or cost of this obligation The total annual cost of maintaining, updating, upgrading, or support contracts cannot be estimated due to the continually changing nature of today's technology

You are required to maintain customer data for purposes of billing the customers membership fees and purchases Any such customer data is our property, despite the fact that you have collected it

<u>Typical Length of Time Before You Open Your Franchised Business</u>

We estimate that the length of time between signing the Franchise Agreement and opening the Studio will generally be 120 days depending on the condition of the premises, standards of the construction process in the market itself and the construction schedules You must obtain lawful possession of the approved site within 180 days after signing the Franchise Agreement You must begin operations of the Franchised Business within 240 days from the date you sign the Franchise Agreement (the "**Commencement Deadline**") Failure to commence operations by the Commencement Deadline is a material default of the Agreement and may result in the automatic termination of your Franchise Agreement Notwithstanding, all of the time frames set forth herein are subject to a reasonable extension in our sole discretion

<u>Training</u>

You must staff and operate the Studio with properly trained personnel You (or your Operating Principal) and up to two instructors you initially hire must complete to our satisfaction an initial training program in the operation of the Studio (the "**Initial Training Program**") We will initially train up to three people, including you or your Operating Principal, at no fee You are responsible for the travel and living expenses of your attendees, and/or our trainers, to the extent they are required to travel to the training location

If we determine, in our sole discretion, that additional training is required prior to opening your Studio, you will be advised of any adjustments that are necessary in order to successfully complete the Initial Training Program in order to be approved for the grand opening of your Studio In all cases, you are responsible for the travel and living expenses of any persons who attend initial or other training If additional training is required, you will be required to pay our then-current training fee, which as of the date of this Disclosure Document, is $300 00 per person per day You also must pay for all travel and living expenses You are also responsible for all travel and living expenses we incur in traveling to your location for any additional training You cannot commence operations of your Franchised Business until you have successfully completed all aspects of our Initial Training Program, and you are approved by us to open for business

We expect to conduct the initial training for you and your employees after you sign the Franchise Agreement and in accordance with our workshop schedule

The initial training program will be divided into two segments The first segment, "Director's Boot Camp," will be provided at one of our Affiliate Owned Studios located in Sparta, New Jersey or Ridgewood, New Jersey, and will last for approximately 3 days The second segment, our "On the Job Training," will last for 2 days and will take place at your Studio We currently expect to begin an initial training program every 3 to 6 weeks but we plan to be flexible in scheduling the training

Our training program will be bifurcated into two segments Initially, we will conduct our Director's Boot Camp (the "**Boot Camp**") Boot Camp will be instructed by Erika Lupo at either our Affiliate-Owned Acting-A-Part Theater and TV/Movie Studio located in Sparta, New Jersey or our Affiliate-Owned Studio in Ridgewood, New Jersey The Boot Camp program format will include approximately 3 days of comprehensive instruction for approximately 5 to 8 hours each day The Boot Camp program will utilize observation and verbal instruction and will conclude with comments and feedback geared towards improving your capabilities as a franchisee

Invitations to the Boot Camp will be extended to you and 2 of your employees to once you sign the Franchise Agreement and have an executed lease For our initial franchisees, the Boot Camp classes will be provided on an as-needed basis Thereafter, as the system expands, we will endeavor to offer the Boot Camp program 6 times a year, approximately every 8 to 10 weeks

Following the Director's Boot Camp, we will commence "On the Job Training" (the "**OJT**") component of your initial training As with Boot Camp, the OJT will be provided to you and 2 of your employees The OJT segment will involve 2 days of operational instruction for approximately 4 to 6 hours each day and will be conducted at your Studio

The Initial Training Program schedule is on the following chart

TRAINING PROGRAM

SUBJECT	HOURS OF BOOTCAMP TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Welcome – Overview of Acting A-Part, History and the Brand	2	1	Sparta, NJ and/or Ridgewood, NJ
Marketing, Advertising and Programs Offered	3	3	Sparta, NJ and/or Ridgewood, NJ
Curriculums and Using Copyrighted materials	2	1	Sparta, NJ and/or Ridgewood, NJ
Program Development and Management	1	0	Sparta, NJ and/or Ridgewood, NJ
POS / Student Enrollment and Payment Processing	1	0	Sparta, NJ and/or Ridgewood, NJ

SUBJECT	HOURS OF BOOTCAMP TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Working with Students and their Parents	1	1	Sparta, NJ and/or Ridgewood, NJ
Human Resources and Managing Employees	1	0	Sparta, NJ and/or Ridgewood, NJ
Costumes, Equipment, Suppliers and Maintenance	1	1	Sparta, NJ and/or Ridgewood, NJ
Operations Daily Procedures, Instruction, Direction, Production, Safety and Security	2	2	Sparta, NJ and/or Ridgewood, NJ
Franchise Reporting and Financial Management of your Acting A-Part Business	1	0	Sparta, NJ and/or Ridgewood, NJ
Final Commentary and Pre-Opening Review for your local School	1	0	Sparta, NJ and/or Ridgewood, NJ
TOTAL HOURS	**16**	**9**	

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained

Erika Lupo, whose background is listed in **Item 2**, will oversee all training Assistance may also be provided by any current manager/director at our Affiliate-Owned Studios The instructional materials used in the Initial Training Program will consist primarily of our Operations Manual, marketing and promotional materials, videos and other handouts

Operations Manual

Our Operations Manual contains mandatory and suggested standards, operating procedures and rules that we prescribe for the Acting-A-Part System (the "**Manual**") The Manual is confidential, copyrighted and is not to be reproduced or distributed to any unauthorized person We can change the terms of, and add to, the Operations Manual whenever we believe it is appropriate A copy of the table of contents of the Operations Manual as of the date of this Disclosure Document is attached as **Exhibit "I"**

ITEM 12 **TERRITORY**

As the owner of a Franchised Business, you will not receive an exclusive territory However, except under certain conditions as described in the Franchise Agreement, we will agree not to establish or license anyone else to establish another Acting-A-Part Studio at any location within the "**Protected Territory**" that will be designated in your Franchise Agreement The Protected Territory will be based on a particular area surrounding your Studio Protected Territories vary in size depending on population density and other demographic factors, including the population base, growth trends of population, apparent degree of affluence of population, the density of residential and business entities, location of competing businesses and major and restricting topographical features which clearly define contiguous areas, such as rivers, mountains, major freeways and underdeveloped land areas The presence of an existing Acting-A-Part Studio may impact the size of your territory

We do not promise that the Protected Territory assigned to each Studio will be identical in size or population In less populated, non-urban areas, the Protected Territory will be the smaller of the 3 mile radius surrounding your Studio or the size of the radius surrounding your Studio that encompasses a population of 150,000 people In densely populated urban areas, your Protected Territory will be the greater of the 1 mile radius surrounding your Studio or the size of the radius surrounding your Studio that encompasses a population of 150,000 people The Protected Territory will be delineated by streets, highways, zip codes or other boundaries and will be based upon a variety of measures, including geographic barriers, radius of travel time and distance, and population counts The site of your Studio and your Protected Territory will be described in **Exhibit "A"** to the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement

As further detailed in this **Item 12**, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control You will operate the Franchised Business at a specific location that you select and we approve You may operate the Franchised Business only at the approved premises, and you may not relocate without our prior written approval

There are no restrictions on the areas in which you or we may advertise or solicit clients We are not required to compensate you for soliciting clients from within your Protected Territory Except as expressly limited by the terms of your Franchise Agreement, we have the right, in our sole discretion, to grand additional Franchised Businesses or establish Affiliate-Owned Studios at any time and at any location outside of your Protected Territory, even at a location in close proximity to your Franchised Business, on such terms as we deem appropriate We and our affiliates also retain all rights with respect to Acting-A-Part businesses, the Marks, the sale of any other goods and services anywhere in the world including i) the right to produce, offer and sell and to grant others the right to produce, offer and sell the programs and/or goods offered at the Studio and any other goods and programs through dissimilar channels of distribution, including the Internet, both within and outside the Territory, under the Marks and under any terms, ii) the right to operate or grant others the right to operate an Acting-A-Part Studio and offer Acting-A-Part programs anywhere outside the Territory regardless of the proximity to your Studio and on such terms as we deem appropriate, iii) the right to operate Acting-A-Part Studios and/or offer Acting-A-Part programs at certain non-traditional locations, including summer camps, regional theatres and other similar venues some of which may be in your Territory and iv) subject to the option described below, the right to acquire and operate a business operating one or more performing arts studios and/or other acting instruction facility located or operating within the Territory

At the time of the dissemination of this Disclosure Document, we reserve the right to acquire the shares or assets of a business offering acting programs or other related businesses (“**Acquired Studios**”) If we have granted you a Protected Territory under the Franchise Agreement and after the acquisition we own one or more Acquired Studios located within your Protected Territory which we intend to operate as an Acting-A-Part Studio or as a competitive business (the “**Optioned Business**”) we will offer to sell the Optioned Business to you for the price we paid, including that portion of the direct and indirect costs and liabilities we incurred or assumed in making such acquisition that are allocated to the Optioned Business We are required to sell the Optioned Business to you only if i) such sale will not conflict with any of our existing legal obligations or the business being acquired, ii) such sale will not preclude the completion of the acquisition on the terms to which we agreed, iii) such sale will not interfere with any other legal agreement, arrangement or combination, iv) you are in good standing within the system and in compliance with your Franchise Agreement, and v) you agree to execute upon acquisition, our then-current franchise agreement for each and every such Optioned Business and convert each such Optioned Business to an Acting-A-Part Studio as soon as practicable thereafter in accordance with our standards and specifications

You will have 30 days in which to accept or reject such offer In the event you reject or fail to timely accept our offer to sell the Optioned Business or we are unable to extend such offer for any of the aforementioned reasons, we may incorporate and use certain elements of the Acting-A-Part System, at the location of the Optioned Business However, if we have granted you a Protected Territory and if you are in full compliance with the Franchise Agreement, we will neither use nor authorize the use of any of the Marks at such Optioned Business located in the Territory (whether owned or franchised by us) for a period of two years following our acquisition or the remainder of the initial term of the Franchise Agreement, whichever is less For purposes of this Paragraph, all references to us shall be deemed to include our affiliates

The foregoing paragraph will not apply if we develop or purchase franchises that do not compete with Acting-A-Part Studios

If we grant you a Territory, it will not be altered unless we and you mutually agree to do so It will not be affected by your sales volume Except as the Franchise Agreement grants you the right to acquire the Optioned Business described above, you are not granted any other option, right of first refusal or similar right to acquire additional studios in your Territory under the Franchise Agreement The continuation of your rights is dependent upon your satisfactory operation of your Franchised Business according to the requirements of the Franchise Agreement, but not on your attaining a particular level of sales, revenues or other contingency

ITEM 13 <u>TRADEMARKS</u>

Pursuant to the terms of the Franchise Agreement, we grant you the right and license to operate a Franchised Business using our System, which is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin (the “**Proprietary Marks**” or the "**Marks**") as designated by us in writing for use in connection with the System We grant you the right to operate an Acting-A-Part franchise under the name "Acting-A-Part " You may also use our current or future trademarks to operate your franchise By trademark, we mean trade names, trademarks, service marks and logos used to identify your Acting-A-Part Studio

Our right to use and license others to use the Marks is exercised pursuant to an intellectual property license agreement with our affiliate, AAPIP (the 'IP Agreement") Under the terms of the IP Agreement, we are granted the right to use and to permit others to use the Marks We have the right to license the use of the Marks to you for the term of the Franchise Agreement, including any extensions or renewals

As of the date of issuance of this Disclosure Document, the Marks listed below are registered on the Supplemental Register and Principal Register of the United States Patent and Trademark Office (the "USPTO'), on the dates shown

Registration Number	Mark	Principal Or Supplemental Register of the U S Patent and Trademark Office	Registration Date
3,030,811	ACTING-A-PART	Supplemental	12/13/2005
4,449,737	ACTING-A-PART	Principal	12/17/2013
4,727,474	ACT CHAT	Principal	4/28/2015

All affidavits required to preserve and renew the Mark under Registration No 3,030,811 have been timely filed Because the Marks under Registration Nos 4,449,737 and 4,727,474 have been registered for less than five years, we have not yet filed Section 8 or 15 affidavits, nor have these registered Marks been renewed but we intend to do so

You must use all names and marks in full compliance with provisions of the Franchise Agreement and in accordance with the rules we periodically prescribe You may not use any name or mark as a part of any corporate name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed by us to you) In addition, you may not use any name or mark for the sale of any unauthorized product or services, or in any other manner not explicitly authorized in writing by us

There are no other agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to the Franchised Business

We operate a website for the promotion of the Proprietary Marks and Acting-A-Part businesses This website lists the locations, operating hours, and other facts regarding the Affiliate Owned Studios or franchisee owned studios You may not use any electronic media, including the Internet, or other electronic media, for viewing by the public that contains the Proprietary Marks or any of the terms ' Acting-A-Part", whether with or without other terms or symbols and whether together as a single string of characters or separated by an allowable character, nor in any misspelled variation thereof, without our prior written approval The confidentiality provisions of the Franchise Agreement apply to all uses of electronic media

If there is any infringement of, or challenge to, your use of any name, mark or symbol, you must immediately notify us, and we will have the sole discretion to take any action as we deem appropriate, in order to fulfill our obligation to preserve and protect the ownership, identity and validity of the Proprietary Marks You must promptly notify us in writing of any claim, demand, or suit against you or your principals in connection with your use of the Marks We are not obligated to protect your rights in the Proprietary Marks We will, however, indemnify and hold you harmless from any expense or liability arising from your use of the Marks in accordance with the Franchise Agreement and the Manual If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by you If there is any litigation due to your use of the Marks, you must complete all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action

We have the right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks

If it becomes advisable at any time, in our sole discretion, to modify or discontinue the use of any name or mark and/or use one or more additional or substitute names or marks, you must pay for the tangible costs (such as replacing signs and materials) associated with a change

You may not contest, directly or indirectly, our ownership, title, right or interest in any of our names or marks, trade secrets, methods, procedures, and advertising techniques which are part of the System, or contest our sole right to register, use or license others to use such names, marks, trade secrets, methods, procedures, or techniques

Other than as listed above, we do not actually know of either superior or infringing uses that could materially affect your use of such trademarks, service marks, trade names, logotypes or other commercial symbols in this state or any state in which a Franchised Business is to be located

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents that are material to the franchise We do claim copyright protection and proprietary rights to the confidential information contained in our Manual The Manual is described in **Item 11** We claim common law copyrights on our operational materials and on other proprietary materials specifically created by us in connection with the System, including the proprietary advertisements, all of our materials presented to your prospective customers, printed materials, and forms used in connection with the operation of a Franchised Business The Manual and other proprietary materials have not been registered with any copyright office, but we reserve the right to register these copyrights in the future

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials Nor are there any agreements currently in effect that significantly limit our right to use or authorize franchisees to use the copyrighted materials Furthermore, there are no infringing uses actually known to us that could materially affect a franchisee's use of the copyrighted materials in any state

Pursuant to the Franchise Agreement, you acknowledge and agree i) that we may authorize you to use certain copyrighted or copyrightable works in our discretion, ii) that the copyrighted works are our valuable property or of our affiliates and of which we or our affiliate are the owner, and iii) that the rights granted to you are solely on the condition that you comply with the terms of the Franchise Agreement You must acknowledge and agree that we own or are the licensee of the owner of the copyrighted works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of a Acting-A-Part Studio Such copyrighted works include the Operations Manual and may include all or part of the Marks, trade dress and other portions of the Acting-A-Part Studio system We intend that all works of authorship related to the Acting-A-Part System and created in the future will be owned by us or our affiliates and copyrighted

Your right to use the copyrighted works is derived solely from the Franchise Agreement and is limited to the use of such copyrighted works pursuant to and in compliance with the Agreement and all applicable standards, specifications, and operating procedures we prescribe You must ensure that all copyrighted works used display an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or an affiliate are the owner of the copyright The Franchise Agreement does not confer any interest in the copyrighted works upon you, other than the right to operate the Studio in compliance with the Agreement

You must immediately notify us of any actual or apparent infringement of or challenge to any of the copyrighted works, or claim by any person of any rights in the copyrighted works and may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claims We shall have the sole discretion to take such action, as we deem appropriate and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to the copyrighted works

If it becomes advisable at any time in our sole judgment for you to modify or discontinue use of any of the copyrighted works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials at your expense

Confidential and Proprietary Information

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets including but not limited to the following categories of information, methods, techniques, procedures and knowledge we, our affiliates, or our franchisees and developers have developed, develop or will develop (the "**Confidential Information**") including i) methods, techniques, specifications, standards, policies, procedures, information, concepts and systems relating to and knowledge of and experience in the development, operation, and franchising of Acting-A-Part Studios, ii) marketing and promotional programs, iii) the structure of data base files and all the data generated from it, iv) knowledge of specifications for and knowledge of suppliers of certain materials, equipment and fixtures for Acting-A-Part Studios, v) operating results and financial performance of Acting-A-Part Studios, vi) the Operations Manual and vii) the terms of the Franchise Agreement

Under the Franchise Agreement, we will disclose to you certain parts of the Confidential Information as required for the development and operation of an Acting-A-Part Studio during training and in guidance and assistance furnished to you You may learn or otherwise obtain from us additional Confidential Information during the term of the applicable agreement You must agree to disclose the Confidential Information to the members of the franchisee entity (the "**Owners**") and employees only to the extent reasonably necessary

You and your Owners must acknowledge and agree that the Confidential Information is confidential to and a valuable asset of us and our affiliates, is proprietary, includes trade secrets of us and our affiliates and is disclosed to you on the condition that you and your Owners and employees who have access to the Confidential Information agree that during and after the term of the applicable agreement you i) will not use the Confidential Information in any other business or capacity, ii) will maintain the absolute confidentiality of the Confidential Information, iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form, iv) will adopt and implement all reasonable procedures we prescribe to prevent unauthorized use or disclosure of the Confidential Information and v) will require all Owners and all employees of Owners who have access to the Confidential Information to execute confidentiality and non-competition agreements in form we prescribe and provide us, at our request, with executed copies of each such agreement Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in connection with the operation of other Acting-A-Part Studios, pursuant to a franchise agreement or other development agreements with us

Notwithstanding anything to the contrary contained in the Franchise Agreement and provided you have obtained our prior written consent, the restrictions on the disclosure and use of the Confidential Information shall not apply to the following i) information, methods, procedures, techniques and knowledge which are or become generally known in the relevant industry within the Protected Territory, other than through deliberate or inadvertent disclosure by you and ii) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you have notified us prior to disclosure and used your best efforts to obtain, and afforded us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed

If you develop any new concept, process or improvement in the operation or promotion of your Franchised Business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation You 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 deem appropriate You agree that you will not use nor will you allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval

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

You are not required to participate personally in the direct operation of your Franchised Business However, we strongly recommend that you participate in overseeing it daily operations You must use your best efforts to cooperate with us to accomplish the purposes of the Franchise Agreement

During the term of the Franchise Agreement, you (if you are a natural person) or your Operating Principal (if you are a corporation, limited liability company, partnership or other business entity (a "**Business Entity**")) must use best efforts to the development and operation of the Franchised Business Your Operating Principal must have full authority to bind you regarding all operational decisions about the Franchised Business We must approve your Operating Principal, and you must designate a qualified replacement from among your Owners if your Operating Principal can no longer fulfill its responsibilities under the Franchise Agreement

The Franchised Business must be under the direct, on-site supervision of you (or your Operating Principal) or a designated manager who has been selected by you and approved by us (the **"Designated Manager")** You (or your Operating Principal) and your approved Designated Manager must successfully complete our Initial Training Program The Designated Manager cannot have an interest or business relationship with any of our business competitors The Designated Manager need not have an ownership interest in your Business Entity You must require the Designated Manager, and any other subsequently appointed managers and all employees to sign a confidentiality agreement and a non-compete agreement You must also conduct comprehensive background checks on all employees prior to hiring

Each of your Owners must sign the Franchise Agreement assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement and must sign a written agreement to maintain the confidentiality of the trade secrets described in **Item 14** and to comply with the covenants not to compete described in **Item 17**

If you are a Business Entity, each of your owners must individually, jointly and severally, guaranty your obligations under the Franchise Agreement and be personally bound by each term of the Franchise Agreement Our current form of Owners' Guaranty is included in the Franchise Agreement Unless your spouse is an owner of the Franchised Business or an owner of the Business Entity that owns the Franchised Business, he or she will not be required to sign the Franchise Agreement or a personal guaranty

You must obtain confidentiality agreements, in a form specified by us, from all managerial and other employees that we specify and from your Owners and their spouses and others to whom any Confidential Information is communicated The confidentiality agreement states that the person signing will not communicate such information to anyone else or allow the use of any such information by anyone else You recognize that such data and information are proprietary and confidential information of ours and must be kept and maintained by you as trade secrets The form confidentiality agreement is **Exhibit "3"** to the Franchise Agreement

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and services that we designate as required for an Acting-A-Part Studio (See **Items 8 and 9**) These products and services will be listed in our Operations Manual, bulletins, announcements and updates we issue from time to time You must also incorporate our designated productions and scripts into your programs each season We have the right to change the types of authorized products and services and designated productions and scripts without limitation We do not impose restrictions regarding the customers to whom you may sell

We also reserve the right to review our approval of any previously approved product, service, script or production If we determine that the use of any product, service, production or script is no longer approved or appropriate, you must promptly cease selling, providing or using the same You are prohibited from offering at the Studio or any other location in conjunction with the Marks any other products or services which we have not approved for Acting-A-Part Studios

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements You should read these provisions in the agreements attached to this Disclosure Document

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or other agreement	Summary
a Length of the franchise term	Section 2 1	Term is equal to 10 years
b Renewal or extension of the term	Section 2 2	If you are in good standing and satisfy certain conditions, you may renew for 2 additional, consecutive 5 year terms You will be required to pay a renewal fee equal to 25% of the then-initial franchise fee, subject to a minimum payment of $6,250 00 for each 5 year option term You will sign a release (provided that any release will not be inconsistent with any state law regulating franchising)

Provision	Section in Franchise or other agreement	Summary
c Requirements for franchisee to renew or extend	Section 2 2	Your renewal right permits you to remain as a franchisee after the initial term of your Franchise Agreement expires However, to do so, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this Disclosure Document Other conditions are advance written notice, not be in default, satisfy all monetary obligations to us and suppliers, pass inspection, complete training, remodel and sign general release You must have the right to remain in possession of the premises for the duration of the renewal term or receive approval from us for a new location
d Termination by franchisee	Not Applicable	Not Applicable
e Termination by us without cause	Not Applicable	Not Applicable
f Termination by us with cause	Section 12	We can terminate only if you default
g "Cause" defined – curable defaults	Sections 12 6, 12 7, 12 8, 12 9	Except where state law provides otherwise, where applicable, default cure periods can range from 30 day, 7 day, 24 hour and on demand cure periods, depending on the type of default
h "Cause" defined – non-curable defaults	Sections 12 1-12 4, 12 10	Non-curable defaults include misuse of trademarks, breach of non-competition, unauthorized assignment, material misrepresentation, lack of prior written consent when required, abandonment, repeated defaults even if cured, bankruptcy, conviction of felony, violation of other state and/or federal laws *The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 USC §101 et seq)*

Provision	Section in Franchise or other agreement	Summary
i Franchisee s obligations on termination/non-renewal	Section 12 13	Obligations include final accounting, complete de-identification, our option to purchase assets, our option to assume your real estate lease, and payment of amounts due (also see "r" below)
j Assignment of contract by us	Section 11 1	No restriction on our right to assign
k "Transfer" by franchisee – definition	Section 11 2, 11 3	Includes transfer of any interest in the Franchise Agreement, Franchised Business (including assets) or Franchisee
l Our approval of transfer by franchisee	Section 11 2, 11 3	We have the right to approve all transfers, but will not unreasonably withhold our approval
m Conditions for our approval of transfer	Section 11 2, 11 3	You may transfer a non-controlling interest in you to a qualified transferee with our prior written consent For a transfer of the Franchise Agreement or a controlling interest in you, we may require, among other things, that you i) pay all amounts due us or our affiliates, ii) not otherwise be in default, iii) sign a general release, iv) pay a transfer fee The proposed transferee must meet our criteria, assume your obligations, attend training, renovate the Studio, if required by us, and sign our then-current form of Franchise Agreement (also see "r" below)
n Our right of first refusal to acquire franchisee's business	Section 11 4	We can match any offer for sale of your business or any ownership interest in you
o Our option to purchase franchisee s business	Section 12 13 6	We have the right to purchase any or all of the tangible assets of the Franchised Business at your cost or fair market value, whichever is less, by written notice to you within 30 days after termination or expiration of the Franchise Agreement
p Death or disability of franchisee	Section 11 5	The interest must be assigned to an approved transferee within 6 months and is subject to the same conditions as an inter

Provision	Section in Franchise or other agreement	Summary
		vivos transfer
q Non-competition covenants during the term of the franchise	Section 13 1	You and your owners may not i) divert any business or customer to a competitor or do or perform any act injurious or prejudicial to the goodwill of the Marks and System, ii) recruit or hire any person employed by us or our franchisees or iii) have any involvement or interest in a competitive business
r Non-competition covenants after the franchise is terminated or expires	Section 13 2	You and your owners may not, for 2 years after expiration or termination of the Franchise Agreement i) divert any business or customer to a competitor, or do or perform any act injurious or prejudicial to the goodwill of the Marks and System, ii) recruit or hire any person employed by us or our franchisees or iii) have any involvement or interest in a competitive business located within a 20-mile radius of the Franchised Business or the location of any company-owned or franchised location in existence on the date of termination or expiration of the Franchise Agreement
s Modification of agreement	Section 18	You must comply with the Manual as amended Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce the scope of the covenants
t Integration/merger clause	Section 18	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law) No other promises or representations will be enforceable Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document
u Dispute resolution by arbitration or mediation	Section 20 2, 20 3	All claims must first be mediated prior to arbitration or litigation Except for certain claims, all disputes must be arbitrated in

Provision	Section in Franchise or other agreement	Summary
		New Jersey The arbitration will occur with each respective party paying their own costs
v Choice of forum	Section 20 1 1	Superior Court of New Jersey, Sussex County, United States District Court for the District of New Jersey
w Choice of law	Section 20 1	New Jersey law applies (subject to applicable state law)

In addition to the provisions noted in the chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised We recommend that you carefully review all of these provisions with an attorney

Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document for additional terms that may be required under applicable state law These additional disclosures, if any, appear in an addendum or rider in **Exhibit "F"** Please note, though, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum that describes the provisions of those state laws

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise Our franchisees cannot use public figures to promote their individual franchise without our authorization

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Erika Lupo at 409 Woodport Road, Sparta, New Jersey 07871, the Federal Trade Commission, and the appropriate state agencies

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No 1
System Wide Outlet Summary
For Years December 31, 2013 to December 31, 2015

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised Studios	2013	0	0	0
	2014	0	0	0
	2015	0	0	0
Affiliate-Owned Studios	2013	2	2	0
	2014	2	2	0
	2015	2	2	0
Total Outlets	2013	2	2	0
	2014	2	2	0
	2015	2	2	0

Table No 2
Transfers of Studios From Franchisees To New Owners (Other Than The Franchisor)
For years December 31, 2013 to December 31, 2015

No transfers have taken place

Table No 3
Status of Franchised Studios
For years December 31, 2013 to December 31, 2015

Not applicable

Table No 4
Status of Affiliate-Owned Studios For Years December 31, 2013 to December 31, 2015

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets sold to Franchisees	Column 8 Outlets at End of the year

New Jersey	2013	2	0	0	0	0	2
	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
All other states	2013	0	0	0	0	0	0
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
Total	2013	2	0	0	0	0	2
	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2

Table No 5
Projected Openings as of December 31, 2015

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company –Owned Outlets in the Next Fiscal Year
New Jersey	0	3	0
Total	**0**	**3**	**0**

Since we had no franchisees as of December 31, 2015, there is no list attached to this Disclosure Document that lists i) the names of all current franchisees with their business address and business telephone number or ii) the name, city, state, and current business telephone number (or, if unknown, the last known home telephone number) of 15 franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or has not communicated with us within 10 weeks of the issuance date of this Disclosure Document
If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

As of the date of this Disclosure Document, we are not offering any existing franchised outlets to prospective franchisees If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this Disclosure Document

We have no current or former franchisees who have signed provisions during the last three fiscal years restricting their ability to speak openly to you about their experience with the Acting-A-Part franchise system

As of the date of this Disclosure Document, 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

The following documents are attached to this Disclosure Document as **Exhibit B**

Audited financial statements for the years ending December 31, 2013, December 31, 2014 and December 31, 2015

ITEM 22 **CONTRACTS**

Copies of the following forms, contracts and/or agreements are attached as exhibits to this Disclosure Document

Exhibit A -	Franchise Agreement (with attachments)
Exhibit H -	Franchisee Disclosure Questionnaire

ITEM 23 **RECEIPTS**

You will find two copies of a detachable Receipt in **Exhibit "K"** at the end of this Disclosure Document One Receipt must be signed, dated and delivered to us The other Receipt should be retained for your records

EXHIBIT "A" TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE AGREEMENT

AAP FRANCHISING, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this ___ day of _______, 20__, (the "**Effective Date**") between AAP FRANCHISING, LLC, a New Jersey limited liability company, with a principal business address of 409 Woodport Road, Sparta, New Jersey 07871 (“**FRANCHISOR**”, “**we**”, “**us**” or “**our**”) and ________________________________ with a principal business address of __________________________ (“**FRANCHISEE**”, “**you**” or “**your**”)

WITNESSETH

WHEREAS, we own the rights to certain trade secrets, concept(s), style(s), confidential information, format(s) and operating system(s) (collectively the “**System**”), now or hereafter involved in the operation of an Acting-A-Part theatre company and movie production studio (a "**Studio**"), which offer acting classes to students of all ages implementing our specialized curriculums, techniques and instruction (an “**Acting-A-Part franchise**” or the "**Franchised Business**") under the Acting-A-Part trademarks and service marks

WHEREAS, the System is identified by the service mark, “ACTING-A-PART” and such other trade names, service marks, logos and trademarks as are now designated and may hereafter be designated by us in writing for use in connection with the System (the “**Marks**” or the “**Proprietary Marks**”)

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive acting curriculums, techniques and instruction, uniform standards, specifications, and procedures for operations, consistency and uniformity of products and services offered, procedures for quality control, training and assistance, and advertising and promotional programs, all of which may be changed, improved, and further developed by us from time to time

WHEREAS, we may grant Acting-A-Part franchises to prospective franchisees who meet our qualifications and who are willing to undertake the investment and effort to establish, develop, and operate a Studio The grant of such franchise bestows the right and obligation to own and operate a Studio offering the products and services authorized and approved by us, utilizing the System and the Marks for a specified term

WHEREAS, you desire to enter into the business of operating an Acting-A-Part Studio in accordance with the System and wishes to obtain the right to operate an Acting-A-Part franchise from us for that purpose, as well as to receive the training and other assistance provided by us in connection therewith

WHEREAS, you acknowledge that we have advised you that prior business and management experience is of critical importance for new franchisees

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications

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

1 GRANT

1 1 **Application** You have applied for an Acting-A-Part franchise, and we have approved such application in reliance upon all of the representations made in your application, which you hereby verify to be accurate and complete We therefore grant to you, upon the terms and conditions contained in this Agreement, the right and license to i) independently manage and operate one Acting-A-Part Studio in strict conformity with our quality control standards and specifications, as they may be changed, improved and further developed from time to time, ii) use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System), and in accordance with the marketing strategies that we establish for the System, and iii) do all of the things described in i) and ii) above only at the Approved Location (defined below) selected by you and agreed to by us You accept this license and agree to perform all of your obligations in connection therewith as set forth in this Agreement

1 2 **Approved Location** We hereby grant to you, upon the terms and conditions herein contained, the right, and you undertake the obligation, to operate an Acting-A-Part Studio and to do so solely in connection therewith the Marks and the System, as they may be changed, improved, and further developed from time to time, only at the approved location specified in **Schedule "A"** attached hereto (the **"Approved Location" or "Location"**) The term "Approved Location" means the street address of the location for the Franchised Business that we approve under the terms of this Agreement, and is specified in **Schedule "A"** to this Agreement If, as of the Effective Date, the Approved Location is not agreed-upon and specified in **Schedule "A"**, then instead, you agree to identify and secure a site to be the Approved Location Upon our approval of the site you secure, we will insert its address into **Schedule "A"** and it will be the Approved Location The establishment by you of additional Acting-A-Part Studios requires additional franchises from us and the payment to us of additional franchise fees You will not relocate your Studio without our express prior written consent

1 3 **Protected Territory** You will not be granted an exclusive territory If the site of the Franchised Business has not been determined as of the Effective Date of this Agreement, then the geographical area in which the Franchised Business is to be located will be within a defined area which is described or otherwise mapped out in **Schedule "A"** attached hereto (the "**Protected Territory**" or the "**Territory**") When the site is determined, its address will be inserted During the term of this Agreement, and except as otherwise provided in this Agreement, we agree not to establish, nor license any other person to establish, another Acting-A-Part Studio at locations within the Protected Territory specified in **Schedule "A"** to this Agreement

Subject to Sections 1 3 1 through 1 3 3 hereunder, neither we nor our affiliates will operate or grant a franchise for the operation of an Acting-A-Part Studio within i) the smaller of the 3 mile radius surrounding your Studio or the size of the radius surrounding your Studio that encompasses a population of approximately 150,000 people in non-urban, less populated areas, or ii) the greater of the 1 mile radius surrounding your Studio or the size of the radius surrounding your Studio that encompasses a population of approximately 150,000 people in densely populated urban areas Ultimately, the actual Protected Territory will be determined by negotiation between you and us, based on certain criteria including without limitation, population density, character of the neighborhood, natural boundaries, the location and the number of competing businesses The presence of an existing Studio may impact the size of your Territory

1 3 1 You understand and agree that you may not change the boundaries of your prescribed Protected Territory without our prior written consent

1 3 2 Notwithstanding the protections afforded in Section 1 3 above, we and our affiliates retain all other rights with respect to Acting-A-Part Studios, the Marks, and the sale of any other goods and services anywhere in the world including i) the right to produce, offer and sell and to grant others the right to produce, offer and sell the programs and/or goods offered at the Studio and any other goods and programs through dissimilar channels of distribution, including the Internet, both within and outside the Territory and under the Marks and under any terms, ii) the right to operate or grant others the right to operate an Acting-A-Part Studio and offer Acting-A-Part programs anywhere outside the Territory regardless of the proximity to your Studio and on such terms we deem appropriate, iii) the right to operate and to grant others the right to operate an Acting-A-Part Studio and/or provide Acting-A-Part programs through non-traditional channels, including summer camps, regional theatres and other similar venues, which may be within and outside the Territory under any terms and conditions we deem appropriate and iv) subject to the option described below, the right to acquire and operate a business operating one or more performing arts studios and/or other acting instruction facility located or operating within the Territory

1 3 3 We may acquire the shares or assets of a business operating one or more units or other related businesses ("**Acquired Businesses**") If we have granted you a Territory under the Franchise Agreement and after the acquisition we own one or more Acquired Businesses located within the Territory, which we intend to operate as an Acting-A-Part Studio or a Competitive Business (the "**Optioned Businesses**"), we will offer to sell the Optioned Businesses to you for the price we paid including that portion of the direct and indirect costs and liabilities we incurred or assumed in making such acquisition that are allocated to the Optioned Businesses whether paid or owed to the seller of such Optioned Businesses, to us, to our affiliates or to third parties and other expenses allocated to such Optioned Businesses (including losses), plus interest at our cost of money on the balance of such amounts from time to time We are required to sell the Optioned Businesses to you only if i) such sale will not conflict with any of our existing legal obligations or the business being acquired, ii) such sale will not preclude the completion of the acquisition on the terms to which we agreed, iii) such sale will not interfere with any other legal agreement, arrangement or combination, iv) you are in good standing within the system and in compliance with your Franchise Agreement, and v) you agree to execute, upon acquisition, our then-current Franchise Agreement for each and every such Optioned Business

and convert each such Optioned Business to an Acting-A-Part Studio as soon as practicable thereafter in accordance with our standards and specifications

1 3 3 1 You will have 30 days in which to accept or reject such offer Your failure to respond in accordance with the terms of this Section shall operate as a rejection of your option to exercise said right In the event you reject or fail to timely accept our offer, or we are unable to extend such offer for any of the aforementioned reasons, we may incorporate and use certain elements of the Acting-A-Part System at the Optioned Business However, if we have granted you a Territory and if you are in full compliance with the Franchise Agreement, we will neither use nor authorize the use of any of the Marks at such Optioned Business located in the Territory (whether owned or franchised by us) for a period of two years following our acquisition or the remainder of the initial term of the Franchise Agreement, whichever is less The foregoing will not apply if we develop or purchase franchises that do not compete with Acting-A-Part businesses

1 4 **Modifications to the System** You understand and agree that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, population, consumer trends, social trends and other market place variables, and if it is to best serve the interests of us, you and all other Acting-A-Part franchisees Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, without limitation, altering the products, programs, services, methods, standards, forms, policies and procedures of the System, abandoning the System altogether in favor of another system in connection with a merger, acquisition or other business combination or for other reasons, adding to, deleting from or modifying those products, programs and services which your franchised business is authorized and required to offer, modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder, and, changing, improving, modifying or substituting the Marks You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed Except as provided herein, we shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby

2 TERM AND RENEWAL

2 1 **Franchise Term** Except as otherwise provided herein, the term of this Agreement will commence on the date hereof and expire 10 years from such date

2 2 **Renewal** You may, at your option, renew this Agreement for 2 additional, consecutive terms of 5 years each, subject to the following conditions, which must be met before each renewal

2 2 1 You will give us written notice of your election to renew not less than 6 months or more than 12 months before the end of the initial term or any subsequent renewal

term Failure to provide timely notice shall constitute an affirmative election on behalf of you to not renew your Franchise Agreement

2 2 2 You will make or provide for, in a manner satisfactory to us, such renovation, refurbishment and modernization of the Studio premises as we may reasonably require, including, without limitation, renovation or replacement and/or upgrade of signs, furnishings, fixtures, equipment and decor to reflect the then-current standards and image of the System, but such renovation and modernization will not be required if you have refurbished the Studio within the 6 months immediately preceding the end of the applicable renewal term

2 2 3 You will not be in material default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between us, and you will have substantially complied with all of the terms and conditions of such agreements during the terms thereof

2 2 4 You will have satisfied all monetary obligations owed to us and our affiliates and will have timely met those obligations throughout the term of this Agreement

2 2 5 You will present satisfactory evidence that you have the right to remain in possession of the Approved Location for the duration of the renewal term or, in the alternative, you will obtain our prior written approval of a new location and lease for the Studio

2 2 6 You will execute our then-current form of renewal franchise agreement, which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage Royalty Fee and Brand Fund Contribution, but that you must pay to us, in lieu of an initial franchise fee, a non-refundable renewal fee in an amount equal to 25% of the then-current initial franchise fee or a minimum payment of $6,250 00 for each 5 year option term, and the Protected Territory provided for herein will remain the same

2 2 7 You will execute a general release, in a form prescribed by us, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities

2 2 8 You will comply with our then-current qualification and training requirements

3 DUTIES OF FRANCHISOR

3 1 **Initial Training** After this Agreement is executed, we shall provide an initial training program lasting for approximately 5 days You (or your Operating Principal) and 2 instructors you initially hire must complete to our satisfaction a training program in the operation of the Studio ("**Initial Training**") The Initial Training program includes our Director's Boot Camp ("**Boot Camp**"), which is 3 days of comprehensive instruction for approximately 5 to 8 hours each day Following Director s Boot Camp, we will commence the "On the Job Training" ("**OJT**") component of your Initial Training As with Boot Camp, OJT will be provided to you

and 2 of your employees The OJT segment will involve 2 days of operational instruction for approximately 4 to 6 hours each day and will be conducted at your Studio There is no fee for up to three trainees, however, you are responsible for all travel and living expenses of your attendees and/or our trainers to the extent they are required to travel to the training location The fee for each additional person to attend Initial Training is $300 00 day per person per day, in addition to all costs and expenses incurred

3 1 1 If we determine, in our discretion, that you and/or the instructor(s) have failed to satisfactorily complete the Initial Training, you and/or the instructors will be required to complete such Initial Training, which may occur at one of our Affiliated-Owned Studios or at a training facility determined by us You will be required to pay our then-current training fee in connection with such training, which as of the date of this Disclosure Document is $300 00 per person per day You are responsible for all travel and living expenses incurred by you and us

3 1 2 We may, in our sole discretion, require you or any Studio instructor or employee to participate in additional training programs at locations we designate We reserve the right to charge you our then-current fee for such additional training You are responsible for all costs and expenses incurred with such additional training

We may, in our sole discretion, make available other ongoing continuing education and training programs, meetings or seminars (on an optional or mandatory basis), that we deem advisable You and your designated employees must attend and successfully complete all ongoing continuing education and training programs and must attend all meetings, seminars, and telephone conference calls we may require of you You are responsible for paying the salaries of your employees, and all other expenses, including travel, lodging and meals incurred by you and your employees in connection with such ongoing training and education programs

3 2 **Optional Operational Consulting** If you require additional operational assistance, we shall, in our discretion, furnish you the services of a representative to provide additional operational training at the Studio You shall pay a Consulting Fee in an amount of $75 00 per hour, or the then-current hourly rate, plus reimbursement of any direct costs incurred by us, which include any travel and lodging costs incurred

3 3 **Operations Manual** We will provide you, on loan, 1 set of our Confidential Operations Manual or Manuals (collectively, the **"Manual"**) as more fully described in Section 7 hereof You must pay a replacement fee of $500 00 for each subsequent Manual we provide to you for any lost Manual We will provide updates, revisions and amendments to the Manual as we deem necessary

3 4 **Ongoing Guidance and Advice** We will furnish guidance to you regarding i) specifications, performance standards and operating procedures, and any modifications of them, ii) purchasing approved equipment, fixtures, signs, inventory and operating materials and supplies, iii) development and implementation of local advertising and promotional programs, iv) administrative, bookkeeping, accounting, inventory control and general operating and management procedures, and v) establishing and conducting employee training programs at the Studio Such guidance will, in our discretion, be furnished in the form of the Operations Manual,

bulletins, newsletters, written reports and recommendations, other written materials, refresher training programs and/or telephonic consultations or consultations at our affiliate owned Studios or at your Studio We will also provide generally advisory assistance as it deems necessary to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business

We will also provide the general advisory assistance we deem, in our sole discretion, to be helpful to you in the ongoing operation, advertising and promotion of the Franchised Business

We will furnish you with mandatory and suggested specifications for the design, decoration, layout, equipment, furniture, fixtures, color scheme, signs and other operating materials required in connection with the operation of the Studio We will also provide written specifications for the operation and management of the Franchised Business, as well as a list of approved vendors to the extent there are any

3 5 **Inspections** We will conduct, as we deem advisable, inspections of your Studio and evaluations of the products sold and services rendered therein and therefrom, to ensure your compliance with all operational standards, including without limitation, customer service, compliance with the System and compliance with all standards and regulations

4 FEES

You shall pay to us or various third party vendors the following initial charges and continuing fees

4 1 **Franchise Fee** As partial consideration for the rights granted hereunder, you will pay us an initial franchise fee for a newly developed Studio in the amount of $25,000 00 For a Conversion Studio, the initial franchise fee is $20,000 00 (the "**Initial Franchise Fee**") To be considered a Conversion Studio, the Studio premises must be solely dedicated to use as an Acting-A-Part Studio and cannot be used for any other business activity or shared with any other business

4 1 1 Under certain circumstances, we may discount the Initial Franchise Fee Specifically, we offer a one-time discount in the amount of $2,000 00 for anyone who is currently employed as a classroom instructor or aide in any public, parochial, or private school or day care facility, for the first franchise purchased for a newly developed Studio

4 1 2 At the time you sign your Franchise Agreement, you may purchase one additional franchise for $18,000 00 If you purchase three or more Acting-A-Part franchises, if purchased at the same time, each additional franchise will be sold for $16,500 00 each You must sign a separate franchise agreement for each additional franchise that you purchase

4 1 3 The Initial Franchise Fee will be deemed fully earned and non-refundable upon execution of this Agreement in consideration for, among other things, the administrative and other expenses we incur in granting this franchise and for our lost or deferred opportunity to franchise others We are not required to refund your Initial Franchise Fee under any conditions

4 2 **Royalty Fee** For the first 6 months of operations, you will pay us a continuing monthly royalty fee in an amount equal to 5% of the monthly Gross Revenue of the Studio Beginning on the seventh month of operations, and for the duration of the term of the Franchise Agreement, the Royalty Fee shall be the greater of 5% of the monthly Gross Revenues or $200 00 per month (the "**Royalty Fee**")

4 3 **National/Regional Advertising** Presently, no National or Regional advertising fund has been established (the "**Fund** ' or the "**Brand Fund**") We reserve the right to create such a Fund at our discretion In the event such a Fund is established, you will be required to make contributions to the Fund in the amounts specified in Section 9 3 of this Agreement

4 4 **Local Advertising** Each year during the term of this Agreement, you will make expenditures relating to local market advertising in the amounts specified in Section 9 2 of this Agreement

4 5 **Grand Opening Advertising** You must conduct initial marketing for the Studio in accordance with a grand opening plan that you have prepared and to which we have consented ("**Grand Opening Advertising**") You must spend a minimum of $3,500 00 on the implementation of the Grand Opening Advertising which must be conducted at least 14 days before and 30 days following the opening of your Studio At our request, you must submit appropriate documentation to verify compliance with this obligation

4 6 **Production and Script License Fee** You shall pay license fees, as billed by the relevant third-party vendor, for the right and privilege to use productions and scripts copyrighted by various third-parties The applicable fee will vary by script, up to $500 00 per script, in addition to a $100 00 license fee per performance of that particular production In addition, a $400 00 refundable security deposit is required, which will be returned at the end of the season

4 7 **AAP Script Licensing and Copying Fee** You shall pay to us or our affiliate a license fee of $450 00 for the right and privilege to use scripts or screenplays that are copyrighted by us or our affiliate prior to the performance or production

4 8 **Lost Operations Manual Fee** We will provide you with 1 copy of the Operations Manual at no cost, thereafter, you will pay us a fee of $500 00 for each subsequent Operations Manual that we provide to you

4 9 **Technology Fee** You will pay to us a continuing monthly Technology Fee in the amount of $75 00 per month, which covers your use of our proprietary studio management software and website hosting

4 10 **Management Fee** In the event we are required to operate your Studio due to your death, mental incapacity or other disability, or for any other reason, we reserve the right to collect a Management Fee from you in an amount equal to 20% of Gross Revenues, in addition to any expenses we incur The Management Fee will be payable to us in addition to any Royalty Fee payments, Brand Fund Contributions or any other funds to which we are entitled

4 11 **Frequency and Manner of Payment** The continuing monthly payments required by Sections 4 2, 4 3 and 4 9 will be collected by us via ACH on the 15th day of the month for the prior month's Gross Revenues Such payments shall be made in accordance with a direct debit program with your bank for the electronic payment of continuing franchise, technology and advertising or sales promotion fees You must provide us with all consents, authorizations and bank account data necessary to effect such electronic payment Our EFT authorization form is attached hereto as **Exhibit "1 "** Notwithstanding the above, we reserve the right to change the time when the monthly payments required by this Section 4 must be paid by you We reserve the right to require that payments be made by telegraphic transfer to a bank account designated by us, by auto-draft arrangement, or by such other means as we may specify from time-to-time Any payment or report not actually received by us on or before the due date will be deemed overdue

4 12 **Late Payments** If any payment is overdue, you will pay us, in addition to the overdue amount, interest on such amount from the date it was due until paid at the rate of one and 1 5% per month, or the maximum rate permitted by law, whichever is less, calculated on a daily basis You will also pay a late charge of $75 00 per occurrence Entitlement to such interest and late charge will be in addition to any other remedies we may have

4 13 **Gross Revenues Defined** As used in this Agreement, the term "Gross Revenues" shall mean all money collected by you from the sale of all memberships, classes, parties, camps, corporate events, merchandise and apparel purchased from non-affiliate entities, food and beverages and other services and goods sold or rendered by you (including, without limitation, sales and services sold through telephone, internet or other similar methods of commerce), whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Acting-A-Part Studio, but "gross sales" will not include rebates or refunds to customers or any sales taxes or other taxes collected from customers by franchisee for transmittal to the appropriate taxing authority, or revenue generated from the sale of merchandise or apparel bearing the Acting-A-Part Marks purchased from our affiliate

4 14 **Failure to Report** If you do not report your Studio's Gross Sales, we may debit your account for 120% of the last Royalty Fee payment and Brand Fund Contribution that we debited If the amounts we so debit are less than the amounts you actually owe, we will debit your account for the balance on a day we specify If the amounts we so debit are greater than the amounts you actually owe, we will credit the excess against the amounts we would otherwise debit from your account during the following month

4 15 **No Offset** You agree that your obligations to make payments as specified in this Agreement and any other agreement entered into with us and that our rights to receive these payments, are absolute and unconditional, and are not subject to any abatement, reduction, set-off, defense, counterclaim or recoupment due or alleged to be due, or by reason of any past, present, or future claims that you have or may have against us or against any other person whether related to us or not, for any reason All payments required by this Agreement, together with the reports or statements required by this Agreement, must be received by us, by their respective due dates or shall be deemed late

5 DUTIES OF FRANCHISEE

You understand and acknowledge that every detail of the Studio is integral to the success of the you, us, and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all of our franchisees, and to protect our reputation, goodwill, and the Proprietary Marks You further agree as follows

5 1 A FRANCHISEE which is a corporation will comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement

5 1 1 You will furnish us with your Articles of Incorporation, By-laws, other governing documents, any other documents we may reasonably request, and any amendments thereto

5 1 2 You will confine your activities exclusively to operating the Studio

5 1 3 You will maintain stop transfer instructions against the transfer on records of any equity securities and will issue no securities upon the face of which does not legibly and conspicuously appear a printed legend in the form reasonably prescribed by us stating that the transfer of such stock is subject to the terms and conditions of this Agreement

5 1 4 You will prepare and furnish to us a list of all of your owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities, as provided in **Schedule B** of this Agreement You shall furnish to us an updated **Schedule B** (or any similar document thereto), as warranted, within 5 days of any subsequently approved transfer of interest

5 2 A FRANCHISEE which is a partnership or limited liability company will comply, except as otherwise approved in writing by us, with the following requirements throughout the term of this Agreement

5 2 1 You will furnish us with your operating agreement as well as such other documents as we may reasonably request, and any amendments thereto

5 2 2 You will prepare and furnish to us a list of all of your general and limited partners or members if a limited liability company, as provided in **Schedule B** of this Agreement You shall furnish to us an updated **Schedule B** (or any similar document thereto), as warranted, within 5 days of any subsequently approved transfer of interest

5 3 Within 180 days after signing this Agreement

5 3 1 You will locate a suitable site, obtain our approval, and enter into a purchase agreement or a lease agreement, as outlined below

5 3 2 If at the time of the execution of this Agreement the location of the Studio is known, it shall be entered on **Schedule "A"** as the "**Approved Location** " If at the time of the execution of this Agreement, the location is not known, you shall within 180 days of the date of this Agreement find a location subject to our approval, and you shall submit to us a complete site report (containing such demographic, commercial, and other information and photographs as we may reasonably require), the address of which shall then be inserted into **Schedule "A"**

5 3 3 We will make reasonable efforts to approve or disapprove your proposed site within 30 days after we receive notice of the location from you If you have not heard from us within 30 days after we receive a complete site report or any other materials we may require, the proposed site is deemed disapproved You acknowledge that our approval of a location is not a warranty, representation or guaranty that any such Location will be successful or generate any specific level of sales Our approval merely indicates that the location meets our criteria for acceptable sites for Acting-A-Part Studios We do not currently own sites for lease to you, nor do we select sites for you From time to time we may, at our discretion, offer guidance, or assistance with the site selection process, but we are under no obligation to do so

5 3 4 If you fail to obtain lawful possession of a Location approved by us within 180 days from the date of this Agreement, we shall have the sole option to withdraw approval of the site and terminate this Agreement and retain the Initial Franchise Fee

5 4 Within 240 days of signing the Franchise Agreement

5 4 1 You will construct and equip the Studio according to our design plans and any other mandatory and suggested specifications and layouts for an Acting-A-Part Studio, including requirements for dimensions of the Studio premises, design, image, decor, layout, signs, furniture, fixtures, equipment and color scheme that we will provide you to suit the shape and dimensions of the Studio premises and insure that these plans are in compliance with all applicable codes and ordinances and pursuant to all required permits, using contractors that we designate or approve

5 4 1 1 In the event you purchase an existing Acting-A-Part franchise or convert an existing studio into an Acting-A-Part Studio, you will make, at your sole expense, changes necessary to conform the Studio to our specifications, including but not limited to, repairing items in sub-standard condition or not functioning properly and upgrading, updating, refurbishing and/or renovating the Studio and equipment to conform to our then-current specifications, standards, format, image, and appearance You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill we developed and the value of the Acting-A-Part franchise You must obtain our written approval relating to any and all changes in design plans and specifications before construction of the Studio or the implementation of such changes

5 4 1 2 In connection with the construction, remodeling, or refurbishment of the Studio, all related work will be subject to our prior written approval and shall only be performed by architects, designers and signage companies designated or otherwise approved by us, and, when completed, will conform to plans and specifications we have approved

5 4 1 3 We shall have access to the Studio site while work is in progress and may require such reasonable alterations or modifications of the construction of the Studio as we deem necessary

5 4 1 4 Although we are not obligated to do so, we may inspect such work at any time to determine whether the work is being done in accordance with the previously approved plans and specifications Our review, approval, consultation, designation, or inspection provided pursuant to this section does not constitute or be deemed to constitute a warranty, guaranty, or assurance

5 4 2 You will purchase furnishings and decor including without limitation, chairs, storage closets, backdrops, security systems, office furniture, a telephone system, a sound system, office supplies, forms and other operating items required to conduct the Franchised Business, in accordance with our current requirements and specifications as provided in this Agreement and the Manual

5 4 3 You will obtain all necessary insurance, all as outlined in Section 10 of this Agreement

5 4 4 You will comply with all applicable state, county and local laws and ordinances pertaining to the start-up of the Studio, including, but not limited to, all required business permits and licenses

5 4 5 You must be prepared to open the Studio for business within 240 days after you sign the Franchise Agreement (the "**Commencement Deadline**") In the event you are unable to begin operations prior to the Commencement Deadline, we, in our sole discretion, may terminate your Franchise Agreement, with no further obligations or liability, and we will retain the entire Initial Franchise Fee Your failure to comply with this Section will constitute a material default of the Franchise Agreement

5 4 6 Subject to our prior written approval, you will open the Studio within 5 days that we notify you that the Studio is ready for opening and commence operations Your franchise may be operated from a commercial location or may also be located in sublet space in a community facility such as a church or school

5 5 You must obtain our approval of the purchase agreement or the lease or sublease (or any modification or amendment) for the Approved Location For a stand-alone location or a Studio located in strip mall or commercial park we will not review the lease or sublease unless you deliver to us a copy of the lease and sublease and our standard Addendum to Lease Agreement/Option to Assume Lease, a copy of which is attached hereto as **Exhibit "2"** (both of which shall have been signed by the landlord, unless we otherwise agree in writing) If the Approved Location is leased by you, you shall also provide to us no less than 10 days prior to the execution of the lease, all pertinent details, including copies of the lease and amount of square footage Our review and approval of the lease or sublease is solely to ensure that the lease or sublease contains terms that we accept or require for our benefit and the franchise system, it is not a substitute for careful review by you and your advisors Our written approval of your

proposed lease does not constitute our guarantee of success of your business at the Location you have selected and does not constitute a legal review You will not subsequently modify, extend or otherwise alter the terms and conditions of the lease or sublease without our prior written approval You must deliver a copy of the signed lease to us within 15 days of its execution You agree to abide by the terms of said lease or sublease

At our request, if you own the Approved Location, you must enter into a lease with us for a term equal to the term of the Franchise Agreement and must sublease such premises from us on the same terms of the prime lease

5 6 You and two instructors initially appointed by you shall complete the Initial Training program to our satisfaction If you and/or your instructor(s) fail to complete the Initial Training to our satisfaction, then you must repeat each course until we determine that the Initial Training program has been completed satisfactorily Such additional training, if required, may occur at an Affiliate-Owned Studio or at a training facility determined by us If any additional training is required, you must pay our then-current training charge, in addition to all living and travel expenses

To the extent offered, you shall complete any available on-line training through webinars and web based videos

5 6 1 You will be responsible for any food, travel and lodging expenses that you and/or any instructors incur in connection with all training programs, conferences and seminars and for any salary and other costs paid to or incurred by or on behalf of the employee in connection with such training programs, conferences and seminars

5 6 2 We may require previously trained and experienced franchisees and employees or instructors to periodically attend refresher training or continuing education programs, conferences, workshops, and seminars to be held at a location designated by us You will be responsible for the payment of all expenses incurred in connection with such training programs, including without limitation, the cost of transportation, lodging, meals, and any wages In the event you or your instructor fail to attend our mandatory workshop(s), we reserve the right, in our discretion, to charge a fee based on your failure to attend such mandatory training sessions and conferences We also reserve the right, at our discretion, to require you to obtain from us, at your sole expense, any training that was offered at such training and conferences

5 6 3 At our request, you will allow us to use your Studio as a training facility for portions of the Initial Training program We will have no obligation to compensate you for the use of your Studio

5 6 4 At our option, any persons you subsequently employ may also be required to attend our Initial Training program, and you will be responsible for the payment of the then-current fee, which as of the date of this Disclosure Document is $300 00 per person per day, as well as all expenses incurred in connection therewith

5 6 5 At our option, we may periodically furnish you the services of a representative to provide additional operational assistance at the Studio Such additional operational assistance may be subject to a Consulting Fee at a rate of $75 00 per hour, or the then-current hourly rate, plus reimbursement of any direct costs we incur

5 7 You shall use the Studio premises solely for the operation of the business franchised hereunder You shall keep the Studio open according to the schedule set forth by us, which shall be based on production and class schedules, which are subject to change throughout the year You shall refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining our written consent You shall incorporate our designated productions and scripts into its programs each season You will not knowingly permit the Studio to be filmed or used in any visual media without our prior written consent You will not install or allow to be installed on the Studio premises any vending, ATM or amusement machines, except as otherwise approved in writing by us

5 8 You shall hire, train, and supervise competent and courteous employees for the operation of the Studio and shall pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due with respect to the employees **Such employees shall be employees of you and not of us** You shall ensure that a sufficient number of trained employees are available to meet the operational standards and requirements of the Studio at all times during the term of this Agreement and renewal(s)

5 8 1 You shall ensure that your employees comply with the provisions of and shall follow the procedures as may be set forth in the Manual or any informational materials applicable to employees as may be published by us and amended or updated from time to time Your employees shall be presented with only the minimum amount of such information and material from the Manual as is necessary for them to perform their assigned tasks You shall collect the Manual and related materials from all employees upon the conclusion of their employment by you

5 8 2 You shall ensure that all of your managers, instructors and other employees, as well as your officers, directors, and other personnel, including their spouses, who may have or will have access to our plans, designs, trade secrets, and other confidential information, execute and promptly deliver to us a non-disclosure agreement in the form set out in **Exhibit "3"** prior to having access to said, trade secrets, and other confidential information This obligation begins upon the signing of this Franchise Agreement and continues until the time of the termination of same

5 8 3 You shall use your best efforts to ensure the compliance of your managers, instructors, employees, officers, and directors with the non-competition agreement and/or non-competition/non-disclosure agreement and with the other requirements described in this Agreement pertaining to confidentiality You shall immediately notify us of any breach of such non-disclosure agreement or of any other requirement described in this Agreement pertaining to confidentiality by any of your managers, employees, officers, and directors or by any other person or party of which you are aware The notice initially may be verbal but shall be promptly

followed by a writing specifying all details pertaining to the breach of which you are aware In the event of any such breach, we shall have sole discretion in deciding what action, if any, should be taken and we shall retain continuing control over such action If we undertake the enforcement of said agreements, you shall cooperate with our prosecution of the enforcement actions or proceedings Because you and not us have the direct relationship with your managers, employees, officers, and directors in terms of their initial hiring, supervision, daily contact and retention, and similar factors relevant to the confidentiality issues and requirements described in this Section, and in consideration of our reliance on you with regard to these matters, you shall pay all of our reasonable expenses incurred in the prosecution of said enforcement actions or proceedings, whether or not suit is filed, including, without limitation, our reasonable attorneys' fees and court costs

5 9 You or a person you designate to be the manager before the opening of the Studio and who has completed the Initial Training program and we have approved in writing ("**Designated Manager**") will assume responsibility for the day-to-day management and operation of the Studio, oversight of the services, programs offered, and supervision of personnel and accounting

5 10 You will meet and maintain the highest health and safety standards and ratings applicable to the operation of the Studio You will provide us within 3 days after receipt thereof, a copy of any violation, citation, notice, or correspondence which relates in any way to local health or safety standards in the operation of the Studio You will take all reasonable steps necessary or desirable to cure and/or avoid any health or safety violations

5 11 In order to ensure that the highest degree of quality and service is maintained, you will operate the Studio in strict conformity with any methods, standards, and specifications as we may prescribe in the Manual or otherwise in writing, you agree

5 11 1 You shall purchase certain equipment, vendor services, materials, and supplies to be used in connection with operating a Studio from our approved suppliers and/or affiliates who i) demonstrate to our reasonable satisfaction the ability to meet all of our standards for such items, ii) possess adequate capacity and facilities to supply your needs and other franchisees in the quantities, at the times and with the reliability requisite to an efficient operation, and iii) have been approved, in writing, by us Prior to purchasing any items from any supplier not previously approved, you shall submit to us a written request for approval of the supplier We may require that samples from the supplier be delivered to us or to a designated independent testing laboratory for testing prior to approval and use You shall pay a fee of $500 00 (the "**Testing Fee**"), plus our actual costs incurred in connection with testing or evaluating your proposed product or supplier We shall refund the Testing Fee to you if we choose to implement your proposed product or supplier on a system-wide basis Any request submitted in accordance with this provision that is not expressly approved within 30 days shall be deemed to be rejected Our standard form for such a request is annexed as **Exhibit "C"** to the Disclosure Document

5 11 2 You shall use in connection with your Studio only those productions and scripts chosen we select each season If you wish to use different productions or scripts which

we have previously approved for use, you must obtain our written approval If you wish to use a production or script which we have not previously approved, we may grant approval of alternative productions or scripts upon written request To the extent you submit a request for such approval, you shall pay us the Testing Fee, plus our actual costs incurred in connection with our evaluation of your proposed production or script We shall refund the Testing Fee if we choose to implement your proposed production or script on a system-wide basis

Although we are not required to approve or disapprove proposed supplier requests within any particular time period, we shall make reasonable efforts to complete our review and advise you of our decision within 30 days after all required information is received Any request submitted by in accordance with this Section that is not expressly approved within 30 days shall be deemed to be rejected Our standard form for such a request is annexed as **Exhibit "C"** to the Disclosure Document

5 11 3 If you develop or wish to offer any new items or additional items or services, including productions and scripts (collectively, the **"Proposed Items"**), you must first obtain our written approval, as set forth herein We will have sole discretion as whether to approve any Proposed Items for use or sale at your Studio The process for obtaining approval requires you to submit to us a written request seeking approval of the Proposed Items, along with any related information that we may request When you submit the information to us, the Proposed Items will become our property, and you will be required to sign, or cause to be signed, the documents we deem necessary in order to implement this requirement We may approve the Proposed Items or services items for sale or use at a limited number of Studios as part of a limited market test or for other reasons Unless we indicate otherwise, our approval under those circumstances will not extend to all franchisees under the system

5 11 4 You shall purchase and use all products, materials, supplies, goods, uniforms, fixtures, furnishings, signs, equipment, methods of exterior and interior design and construction we prescribe All such items must conform to our standards and specifications

5 11 3 1 We reserve the right to specify and require you to purchase any item or piece of equipment by brand You shall carry out the business covered by this Agreement in accordance with the operational standards we have established and set forth in our Manual and other documents as they presently exist, shall exist in the future or as may be otherwise disclosed to franchisees from time to time

5 11 5 You shall refrain from using or selling any products, materials, services, supplies, goods, uniforms, trade fixtures, furnishings, signs, equipment, or any other items of any kind, which do not meet our standards or specifications Without limiting the generality of the foregoing, you shall immediately rectify all hazardous situations, and immediately remove and destroy any and all hazardous products For purposes of the foregoing sentence, "hazardous situations" are those which have the potential to cause injury, illness, or death, and "hazardous products" are products which have the potential to cause injury, illness or death

5 11 6 You shall offer for sale all services and products that we may, from time to time in its sole discretion, designate in writing as approved for sale at the Studio You must

also incorporate our designated productions and scripts into its program each season You further agree to discontinue offering for sale any product or service that we may, at any later time, in our sole discretion, by written notice withdraw approval for sale at the Studio You agree to refrain from offering for sale any product or services which have not been designated in writing as approved for sale at the Studio We may disapprove your sale of any product(s) or service(s), or your participation in any program(s), in the event you fail to comply with operational standards at the Studio

5 11 7 You shall maintain at all times a sufficient supply of approved products to meet the demand of your customers at the Studio

5 11 8 You shall refrain from selling or offering for sale any merchandise without first obtaining our prior written approval You will purchase and offer for sale such merchandise as we designate from suppliers designated by us

5 12 You shall maintain, at all times and at your expense, the interior and exterior of the Studio and all fixtures, furnishings, signs and equipment to the highest standards of cleanliness, orderliness, sanitation as we reasonably require You shall make no material alteration, addition, or replacement to the interior or exterior of the Studio without our prior written consent

5 13 At our request, which will not be more often than once every 5 years, you will refurbish and/or renovate the Studio at your expense to conform to the trade dress, color schemes, signage and presentation of trademarks and service marks consistent with the image then in effect for new Studios under the System

5 14 You will grant us and our agents the right to enter upon the Studio premises at any time for the purpose of conducting inspections You will cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request, and upon notice, you will take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any equipment, advertising materials, products, goods, supplies, or other items that do not conform to our then-current specifications, standards, or requirements

5 15 You shall comply with all civil and criminal laws, ordinances, rules, regulations and orders of public authorities pertaining to the maintenance and operation of the Studio, including but not limited to those relating to health, safety, sanitation, employment, environmental regulation and taxation

5 16 If we succeed to your interests under the lease as provided above, you hereby irrevocably appoint us, by and through any of our officers as we may select, as your attorney-in-fact to execute such documents and instruments as we deem necessary or appropriate to effectuate the succession of interest, including, without limitation, the assignment of all licenses and permits

5 17 You shall sell and provide all of the items and services sold and provided at our Affiliate-Owned Studios (as reflected in our Manual)

6 PROPRIETARY MARKS

6 1 We represent with respect to the Marks that

6 1 1 AAP IP HOLDER, LLC licenses us to use and to license others to use the Marks,

6 1 2 As of the date of issuance of this Disclosure Document, the Marks listed below are registered on the Principal and Supplemental Registers in the United States Patent and Trademark Office (the "**USPTO**") on the date shown and all affidavits required to preserve and renew the Marks have been timely filed, to the extent necessary

Registration Number	Mark	Principal Or Supplemental Register of the U S Patent and Trademark Office	Registration Date
4,449,737	ACTING-A-PART	Principal	12/17/2013
4,272,474	ACT CHAT	Principal	4/28/2015
3,030,811	ACTING-A-PART	Supplemental	12/13/2005

6 2 With respect to your use of the Marks pursuant to this Agreement, you agree that

6 2 1 You will use only the Marks we have designated and will use them only in the manner authorized under this Agreement We have not authorized nor empowered you to use the Marks except as provided by this Agreement, and you shall not employ any of the Marks in forming a business entity, signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation, or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours

6 2 2 You will use the Marks only for the operation of the Studio and only at the Approved Location or in advertising for the business conducted at or from the Approved Location Unless otherwise authorized or required by us, you will not use the Marks in connection with the operation of an Internet website

6 2 3 Unless otherwise authorized or required by us, you will operate and advertise the Studio only under the name "ACTING-A-PART" and will require all advertising and promotional materials, signs, decorations, paper goods apparel, and other items which may be designated by us to bear the Proprietary Marks in the form, color, location, and manner we have prescribed

6 2 4 During the term of this Agreement and any renewal hereof, you will identify yourself as the franchisee of the Studio in conjunction with any use of the Marks, including, but not limited to, on invoices, business cards, stationary, order forms, receipts, and

contracts, as well as at such conspicuous locations on the premises of the Studio as we may designate in writing

6 2 5 You will not use the Marks to incur any obligation or indebtedness on behalf of us

6 2 6 You will not use the Marks as part of an Internet domain name (or URL), e-mail address, or as part of your corporate or other legal name

6 2 7 You will execute any documents we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability

6 2 8 You will promptly notify us of any unauthorized use of the Marks, any challenge to the validity of the Property Marks, or any challenge to AAP IP Holder's ownership of, our right to use and to license others to use, or your right to use the Proprietary Marks You acknowledge that we and/or AAP IP Holder have the sole right to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof We and/or AAP IP Holder have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks We will defend you and hold you harmless against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks in accordance with the terms of this Agreement If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by us

If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by you In the event of any litigation relating to your use of the Proprietary Marks, you will execute any and all documents and do such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action

6 3 You expressly understand and acknowledge that

6 3 1 AAP IP Holder is the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them

6 3 2 The Marks are valid and serve to identify the System and those who are authorized to operate under the System

6 3 3 You will not directly or indirectly contest the validity of or AAP IP Holder's ownership of the Marks

6 3 4 Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement

6 3 5 Any and all goodwill arising from your use of the Marks in your franchised operation under the System will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Proprietary Marks

6 3 6 The right and license of the Proprietary Marks granted hereunder to you is non-exclusive, and we thus have and retain the rights, among others

6 3 6 1 To use the Marks itself in connection with selling products and services,

6 3 6 2 To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees,

6 3 6 3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you

6 3 7 We reserve the right to modify, discontinue, or substitute different Marks for use in identifying the System and the businesses operating thereunder, and you will promptly comply with any such modifications or substitutions at your own cost and expense

7 CONFIDENTIAL OPERATIONS MANUAL

7 1 In order to protect our reputation and goodwill and to maintain high standards of operation under the Proprietary Marks, you will conduct your business in accordance with the Manual, which may consist of one or more volumes of books, manuals, or other materials relating to operation under the System, including additions and updates thereto as published periodically by us, 1 copy of which you will be provided on loan from us for the term of this Agreement

7 2 You will at all times treat the Manual and the information contained therein as confidential, and will use all reasonable efforts to maintain such information as secret and confidential You will not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person

7 3 The Manual will at all times remain our sole property and will at all times be kept in a secure place on the Studio premises

7 4 We may, from time to time, revise the contents of the Manual, and you expressly agree to comply with each new or changed standard You will at all times insure that your copy of the Manual is kept current and up to date, and in the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our headquarters will be controlling

8 ACCOUNTING AND RECORDS

8 1 You will maintain during the term of this Agreement, and will preserve for at least 5 years from the dates of their preparation, full, complete, and accurate business records, books, and account information relating to the Studio, including, without limitation, cash register or point-of-sales tapes, employee work schedules and/or time cards, pay roll registers, Form I-9s, and Form W-2s, in accordance with generally accepted accounting principles and based on period accounting or any other form and manner prescribed by us from time to time in the Manual or otherwise in writing

8 2 You shall ensure that Gross Revenues information, in the form we prescribe, and such other data or information as we may require, is constantly available to us for inspection and/or audit through your Point Of Sale Software and System or otherwise

8 3 You will submit, no later than 30 days following the end of each calendar month, "compilation" financial statements including a statement of profit and loss

8 4 You will also submit, for review or auditing, your income tax returns pertaining to the Studio annually, within 30 days of filing You shall provide us with Sales Tax returns upon request You shall provide us such other forms, reports, records, information, and data as we may reasonably designate, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in the Manual or otherwise in writing

8 5 We or our designated agents will have the right at all reasonable times to examine and copy, at our expense, the books and records of the Studio We will also have the right, at any time, to have an independent audit, at your expense, made of the books of the Studio If an inspection should reveal that any payments have been understated in any report to us during the current year or during the preceding 5 calendar years, then you will immediately pay to us upon demand the amount understated in such reports, in addition to interest on such amount from the date such amount was due until paid, at the rate of 1 5% per month, or the maximum rate permitted by law, whichever is less, calculated on a daily basis, and a late charge of $75 00 per occurrence If an inspection discloses an understatement in any payment of 2% or more, you will, in addition, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs) within 30 days of receiving notice of such costs and expenses The foregoing remedies will be in addition to any other remedies we may have

8 6 You will record all sales on a computer-based point-of-sale record keeping and control system as designated by us for use in the Studio, and on any forms and equipment as prescribed by us in the Manual or otherwise in writing You must purchase certain computer equipment (the "**Hardware**") and implement our proprietary web-based Studio management platform (the "**Management Platform**) (the Hardware and Management Platform shall collectively be referred to as the "**Studio Management System**")

8 6 1 With respect to hardware, you are required to purchase and install one personal computer with monitor, one all-in-one printer (black and white), and an Internet connection (preferably wireless)

8 6 2 You are required to pay our then applicable Technology Fee for the rights to use our Management Platform, which we may modify or change as specified in our Operations Manual

8 6 3 You acknowledge and agree that we may from time to time specify additional hardware and software components, which you may be obligated to purchase You further agrees and acknowledges that we may also designate supplier(s) from whom you must purchase such items Except as described above, you will have the option of purchasing components of the system from various suppliers, as long as the hardware and software meet our then-current specifications You must purchase upgrades and updates to the software and hardware components of the system as we may deem necessary from time to time

8 6 4 You acknowledge and agree that you must maintain the Studio Management System and Hardware in good working order at all times and upgrade, update, or otherwise change the Studio Management System and Hardware during the term of this Agreement as we may requite Our modifications and specifications may require you to incur costs to purchase, lease or license new or modified computer hardware or software or to obtain service and support for the Studio Management System during the term of this Agreement You agree to comply with any such modifications within 30 days after you receive notice of such modifications

8 7 You are required to maintain customer data for purposes of billing the customers' membership fees and purchases You acknowledge and agree that any such customer data is our property

8 8 You acknowledge and agree that we may include financial performance information concerning your Studio in our franchise disclosure document (including providing prospective franchisees with such backup documentation as may be required by law), in related media claims, to existing franchisees, and as otherwise required or permitted by law

9 ADVERTISING

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

9 1 **Special Advertising and Sales Promotion Programs** We may, from time to time, develop and administer special advertising and sales promotion programs designed to promote and enhance the collective success of all Studios You will have the right, but not the obligation, to participate actively in all such advertising and sales promotion programs, but only in full and complete accordance with such terms and conditions as we may establish, in our sole discretion, for each such program, including, without limitation, any fees associated therewith It

is expressly understood, acknowledged, and agreed that in all aspects of such advertising and sales promotion programs, including the type, quantity, timing, placement (whether national, regional, or local), choice of media, market areas, and advertising agencies, the standards and specifications established by us will be final and binding upon you You acknowledge the benefits of such advertising and promotional programs

9 1 1 **Supplemental Marketing Programs** You acknowledge that supplemental marketing programs (e g , limited time offers, gift cards, gift certificates, coupons, loyalty programs, customer relationship management and other supplement marketing programs) are an integral part of the System, and you may be required to participate in (and comply with) such supplemental marketing programs established by us from time to time You acknowledge that you may be responsible for the payment of certain costs associated with these supplemental marketing programs We reserve the right to establish (and set forth the terms and conditions of) such supplemental marketing programs through a supplement and/or modification to the Manual or other written directive

9 2 **Local Advertising** You must expend each year not less than $6,500 00 on local advertising and promotion of the Studio in your Protected Territory You must submit an annual advertising plan for our approval We also reserve the right to require you to furnish an advertising expenditure report to show compliance with the Local Advertising Requirement We must approve all advertising and promotional plans and materials not prepared by us before their use The costs and expenditures you incur in connection with any of the following will ***not*** be considered or included in your expenditures on Local Advertising for purposes of this Section

(a) Incentive programs for employees or agents, including the cost of honoring any coupons distributed in connection with such programs,

(b) Research expenditures,

(c) Non-marketing costs incurred in any promotion,

(d) Salaries and expenses of any of your employees, including salaries or expenses for attendance at advertising meetings or activities,

(e) Charitable, political, or other contributions or donations,

(f) Press parties or other expenses of publicity,

(g) In-store materials consisting of fixtures or equipment,

(h) Seminar and educational costs and expenses of employees, and

(i) Specialty items such as tee shirts, premiums, pins, and awards, unless such items are part of a market-wide advertising program and then only to the extent that the cost of such items is not recovered by the promotion

9 2 1 You will obtain a listing in the yellow pages of the telephone directories serving the location of the Studio, or on-line web page equivalent, in a form and size we approve The expenditure in obtaining such listing will not qualify for purposes of Section 9 1 hereof

9 2 2 All advertising and promotion in any manner or medium will be conducted in a dignified manner and will conform to such standards and requirements as we specify You will submit to us (through the mail, return receipt requested or via electronic communication), for approval at least 30 days before intended use (except with respect to prices to be charged), samples of all advertising and promotional plans and materials that you desire to use and which have not been prepared or previously approved by us, including, without limitation, business cards, stationary, T-shirts, buttons, caps, and similar items We will make reasonable efforts to approve or disapprove such items within 15 days of our receipt of your request If written approval thereof is not received within 15 days after the date of receipt of such samples or materials, we will be deemed to have disapproved the advertising and promotional materials We may require, at our option, that you purchase certain advertising and promotional merchandise from suppliers who we have approved and who have entered into our standard license agreement, which shall provide, among other things, for the payment of royalties to us You may not, without our express prior written consent, distribute, display, market, or promote, at the Studio or in connection with any advertising, promotion or marketing of the Studio, any third party's goods or services, including any unauthorized co-promotions

9 2 3 In addition to the foregoing requirements of this Section 9, you will expend $3,500 00 in connection with the required grand opening advertising and promotion program (in accordance with Section 4 5 of this Agreement) during the 44 day period encompassing the 14 days before and the 30 days after the opening of your Studio

9 2 4 You must submit a grand opening advertising and promotional program Upon receipt of your grand opening advertising and promotional program, we will make reasonable efforts to approve or disapprove the program within 15 days If you do not receive written approval within 15 days after we receive the materials, they are disapproved

9 3 **Brand Development Fund** You agree that we will have the right, in our sole discretion, to establish an advertising fund, or Brand Development Fund, for the purpose of advertising Studios on a regional and/or national basis (the "**Fund**") If a Fund is established, we will provide at least 30 days written notice, and you will make contributions to the Fund as described below

9 3 1 If a Fund is established, you will contribute an amount to the Fund up to 2% of the Studio's Gross Sales each month

9 3 2 You agree that the Fund will be maintained and administered by us or our designee as follows

9 3 2 1 We will direct all advertising programs and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in such programs and the placement and allocation thereof You agree and acknowledge that the Fund is

intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all franchised Studios and Company-Owned Studios or Affiliate-Owned Studios We may, in our sole discretion, require that our Affiliate-Owned Studios contribute to the Fund generally on the same basis as you In administering the Fund, we and our designees undertake no obligation to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising

9 3 2 2 You agree that the Fund may be used to satisfy any and all costs of maintaining, administering, directing, creating, and producing advertising and the operating costs of the Fund We shall have the right to include verbiage on any such advertising materials, indicating that franchises are available for sale and including our contact information All sums paid by you to the Fund will not be used to defray any of our general operating expenses, except for such reasonable administrative costs and overhead as we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs for franchisees of the System and Studios The Fund is operated solely as a conduit for the collection and expenditure of advertising fees for the purposes outlined above The Fund and its earnings are not our assets and will not otherwise inure to our benefit

9 3 2 3 We maintain the right to terminate the Fund even if the Fund is intended to be of perpetual duration Before we terminate the Fund, all monies in the Fund shall have been expended for advertising and/or promotional purposes or returned to the contributors on a basis determined by us in our sole discretion

9 3 3 We will prepare an annual statement of operations of the Fund that will be made available to you upon reasonable request We are not required to have this statement audited

9 4 **General Nature of Advertising, Approval Process for Advertising Materials** All advertising and promotion by you in any medium will be conducted in a professional and dignified manner and will conform to our standards and requirements as set forth in the Manual or otherwise You will obtain our approval of all advertising and promotional plans and materials prior to use You will submit such unapproved plans and materials to us at least 30 days prior to their proposed use We will make reasonable efforts to notify you of our approval or disapproval within 15 days of receiving such proposed advertising materials If you do not receive written approval within this time period, we will be deemed to have disapproved the materials For any such approved advertising and promotional materials, we retain the right to include language stating "Franchises Available," along with our contact information You will not use such plans or materials until we have approved them You will promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice

9 4 1 In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our principal Trademarks, name, brand,

products or your Franchised Business whether created by us, you or a third party) You may choose to establish a presence on Internet Social Media Platforms or use Social Media Materials Content published on any Social Media Platforms must be pre-approved by us in writing Upon the establishment or presence on any Social Media Platform, you must also give us ownership rights in the same, as well as to any Social Media Materials

9 5 **Advertising Advisory Council** We may form an Advertising Advisory Council (the "**Council**") The Council members will be the Acting-A-Part franchisees The Council shall serve in an advisory capacity only, advising us on operations, marketing, and other subjects We have the authority to dissolve, change, and reform the Council in our discretion

9 6 **Local Advertising Cooperative** You may, at your discretion, participate in a local advertising cooperative with other franchisees in your area Activities of the cooperative will generally be determined by its members, except that we reserve the right to approve the use of any advertising and promotional materials developed by the cooperative before it is disseminated to the public As of the date of this Disclosure Document, no local advertising cooperatives have been established

10 INSURANCE

10 1 You will procure, before the commencement of any operations under this Agreement, and will 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 and us and our affiliates, respective officers, directors, partners, agents, and employees, against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the Studio, including, but not limited to, comprehensive general liability insurance, property and casualty insurance, statutory worker's compensation insurance, and automobile insurance You shall provide certificates of insurance evidencing your insurance coverage in compliance with these requirements before your Studio opens for business and each year when your policy renews Such policy or policies will be written by an insurance company acceptable to us, will name us as an additional insured as -, and will provide, at a minimum (except as additional coverage and higher policy limits may reasonably be specified from time to time), the types and minimum amounts of coverage specified in the Manual or otherwise in writing At all times during the term of the franchise, you shall maintain in force, at your sole expense, the following forms of coverage

10 1 1 Property casualty insurance on a replacement cost basis at a minimum limit based on the total value of your assets including your furniture, fixtures and equipment (including, but not limited to, fire, extended coverage, vandalism, and malicious mischief) Such property insurance shall include coverage for business interruption, the limits of which should be based on rent, financing, salaries, and income Your business interruption policy should cover, at minimum, lost income, costs and expenses incurred by your business if the Studio is rendered unusable for a minimum period of six months, with a maximum deductible of 72 hours Your property casualty insurance, including business interruption coverage shall be binding and in place from the commencement of construction of the Studio

10 1 2 Comprehensive general liability insurance with a minimum limit of $1,000,000 00 per occurrence (including, but not limited to, coverage for personal injury, products and contractual liability), with general aggregate coverage of $2,000,000 dollars as against all claims, suits, obligations, liabilities and damage, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage relating to the use or condition of your Acting-A-Part Studio

10 1 3 Worker's compensation insurance (in your name) as required by applicable law If no such law exists, then you must participate in such other comparable insurance or benefit programs for your employees as required by us If your state recognizes and permits self-insurer programs, your participation in such program will satisfy our requirements under this subsection If deductible plans are approved and used in your state, coverage may be purchased on this basis subject to the requirements of your insurance carrier

10 1 4 All other insurance required by the state or locality in which the Franchised Business is operated in such amounts as required by statute

10 1 5 Any other insurance we may reasonably require

10 2 Notwithstanding the foregoing, you must procure, before the commencement of the Initial Training program, statutory worker's compensation insurance covering all participants in the training program We will have the right to obtain, directly from your insurance carriers, any and all information relating to the foregoing policy or policies and any claims thereunder Upon our request, you will execute, acknowledge, and deliver such instruments, and do such further acts, as we may require to enable us to obtain such information

10 3 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance which may be maintained by us, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 15 of this Agreement

10 4 At least 30 days before the commencement of operations under this Agreement and thereafter on an annual basis and at least 30 days prior to the expiration of any such policy, you will deliver Certificates of Insurance to us evidencing the proper coverage with limits not less than those required hereunder All Certificates will expressly provide that no less than 30 days before written notice will be given to us in the event of material alteration to, or cancellation of, the coverages evidenced by such Certificates All insurance policies must name us and our affiliates as additional insured and certificate holders for the entire term of the Franchise Agreement Upon our request and in our sole discretion, you may also be required to add future formed affiliate entities as additional insured on your policies

10 5 Should you, for any reason, fail to procure or maintain or present evidence of the insurance required by this Agreement, as such requirements may be revised from time to time by us in the Manual or otherwise in writing, we will have the right and authority (without, however, any obligation to do so) to immediately procure such insurance and to charge same to you, which charges, together with a reasonable fee for our expenses in so acting, will be payable

immediately upon notice The foregoing remedies will be in addition to any other remedies we may have Failure to maintain insurance as required by this Section will be deemed a material default of the Agreement

11 TRANSFER OF INTEREST

11 1 **Transfers by FRANCHISOR** This Agreement shall inure to the benefit of our successors and assigns either individually or collectively We shall have the right to assign our rights under this Agreement to any person, persons, partnership, association, or corporation, provided that the transferee agrees in writing to assume all obligations undertaken by us herein and you receive a statement from both us and your transferee to that effect Upon such assignment and assumption, we shall be under no further obligation hereunder except for accrued liabilities, if any

11 2 **Transfers by FRANCHISEE** For purposes of this Agreement, the term "Transfer" means any sale, assignment, transfer, conveyance, gift, pledge, mortgage or other encumbrance, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) of any interest in this Agreement, the Studio, the Studio location, the lease for the Studio, the assets of the Studio, any ownership interests (if you are a business entity) or any other assets pertaining to your operations under this Agreement

11 2 1 You acknowledge that this Agreement is personal to you and we have selected you as a franchisee based on our reliance on your (or your Owners', as defined herein) character, skill, aptitude and business and financial capacity Neither you nor any of your members, shareholders, partners, or other direct or indirect holders of ownership interest in you (collectively your "**Owners**") may make any Transfer or permit any Transfer to occur without obtaining our prior written consent The decision as to whether to consent to a Transfer will be made in the exercise of our business judgment, but our consent will not be unreasonably withheld We have the right to communicate with and counsel you and the proposed transferee on any aspect of a proposed Transfer You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require Unless otherwise agreed, we do not waive any claims against the transferring party if we consent to the Transfer

11 2 2 Except as otherwise provided in this Section 11, if you propose to undertake a Transfer, the following conditions apply (unless waived by us)

11 2 2 1 You shall be in compliance with all obligations to us under this Agreement and any other agreement you have with us or our affiliates, and your major suppliers as of the date of the request for our consent to the Transfer

11 2 2 2 You shall pay a non-refundable Transfer Fee equal to the greater of $12,500 00 or 50% of our then-current Initial Franchise Fee to reimburse us for our reasonable costs and expenses incurred in reviewing and documenting the Transfer, including legal and accounting fees

11 2 2 3 You shall notify us in writing of any proposed transfer of any direct or indirect interest in this Agreement, in you, or in all or substantially all of the assets of the Studio at least 90 days before such transfer is proposed to take place

11 2 2 4 The transferee may not be a limited partnership, trust or other entity not specifically authorized herein

11 2 2 5 Your right to receive compensation pursuant to any agreement for the purchase of any interest in this Agreement, in FRANCHISEE, or in all or substantially all of the assets of the Studio will be subordinate and secondary to our rights to receive any outstanding monetary obligations or other outstanding obligations due from you pursuant to this Agreement or any other agreement between us and our affiliates and you, whether arising before or after such transfer

11 2 2 6 The proposed transferee (and if the proposed transferee is not a natural person, all persons that have any direct or indirect interest in the transferee as we may require) must demonstrate to our satisfaction sufficient experience in operations of performing arts studios or related businesses, must meet the managerial, operational, experience, quality, character and business standards for franchisee as promulgated by us from time to time, must possess a good character, business reputation and credit rating, must complete our training program, must have an organization whose management culture is compatible with our management culture, and must have adequate financial resources and working capital to meet your obligations under this Agreement If the proposed transferee is an existing Acting-A-Part franchisee, he/she must not be in default under his/her agreements with us and must have substantially complied with our operating standards

11 2 2 7 You and the proposed transferee must sign, at our option, either an assignment agreement and any amendments to this Agreement that we require to reflect the Transfer or our then-current standard form of the franchise agreement for an initial term ending on the expiration date of the Term of this Agreement, which may provide for different Royalty, advertising obligations, local marketing requirements, duration and other rights and obligations than those provided in this Agreement There is no limitation on the extent to which the terms of the new franchise agreement may differ from the terms of this Agreement You and the proposed transferee must also sign any other agreements that we require

11 2 2 8 The proposed transferee must make arrangements to modernize and upgrade the Studio, at the transferee's expense, to comply with our standards and specifications for new Acting-A-Part Studios at the time of the Transfer

11 2 2 9 You, your Owners and the proposed transferee must execute a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees You and your Owners will remain liable to us for all obligations arising before the effective date of the Transfer

11 2 2 10 All proposed transferees and their spouses must agree to be bound by this entire Agreement by executing the Continuing Guaranty, attached as **Exhibit "4"** and the Non-Disclosure Agreement/Non-Compete Agreement, attached as **Exhibit "3 "**

11 2 2 11 The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the future viability of the transferred Studio

11 2 2 12 If the transferee is a business entity, those persons with an Ownership interest of 5% or more in the transferee must execute our then current form of owner's acknowledgment

11 2 2 13 If you propose to admit a new Owner who will have greater than a 5% ownership interest, remove an existing Owner or change the distribution of ownership interests among the Owners shown on **Schedule B**, you must give us advance notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions Any new Owner must submit a personal application and execute our then-current form of owner's acknowledgment

11 2 2 14 You must have operated the Studio for a period of not less than 6 months prior to the proposed Transfer, for any Transfer other than a Transfer pursuant to 11 2 2 13

11 3 **Transfer for Convenience** If you are an individual or a partnership, we will consent to the Transfer of this Agreement to a business entity that you form for the convenience of ownership, provided that

11 3 1 The entity has and will have no business other than the operation of Acting-A-Part studios,

11 3 2 You comply with the requirements in this Section 11,

11 3 3 The Owners hold equity interests in the new entity in the same proportion shown on Schedule B, and

11 3 4 The top-level management of the Studio does not change

11 3 5 You will not be required to pay a Transfer Fee in connection with any such Transfer for convenience

11 4 **Right of First Refusal** If any party holding any direct or indirect interest in this Agreement, in FRANCHISEE, or in all or substantially all of the assets of the Studio desires to accept any bona fide offer from a third party to purchase such interest, you will notify us in writing of each such offer, and will provide such information and documentation relating to the offer as we may require

11 4 1 We will have the right and option, exercisable within 60 days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party If we elect to purchase the seller's interest, closing on such purchase must occur within 45 days from the date

of notice to the seller of the election to purchase by us If we do not elect to purchase the seller's interest, closing on the purchase must occur within 60 days from the date we notify the seller that it does not want to purchase the interest or the expiration of the initial notice period, whichever first occurs Any material change in the terms of any offer before closing will constitute a new offer subject to the same rights of first refusal by us as in the case of an initial offer Our failure to exercise the option afforded by Section 11 4 will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 11 with respect to a proposed transfer

11 4 2 If the consideration, terms, or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash If the parties cannot agree within a reasonable time on the cash consideration, each party will designate an independent appraiser, and the two so chosen will designate a third, and the determination of the majority will be binding

11 5 **Transfer Upon Death or Mental Incapacity** Upon the death or mental incapacity of any person with an interest in this Agreement, in FRANCHISEE, or in all or substantially all of the assets of the Studio, the executor, administrator, or personal representative of such person will transfer within 6 months after such death or mental incapacity the interest of such person to a third party approved by us Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same standards and conditions as any inter vivos transfer However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this 11 5, the personal representative of the decedent will transfer the decedent's interest to another party approved by us within such 6 month period, which disposition will be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within such 6 month period, we may terminate this Agreement

11 6 **Security Interest** You will not grant a security interest in the Studio or in any of the assets of the Studio unless the secured party agrees that in the event of any default by you under any documents related to the security interest, we will have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any of your defaults, and, in the event we exercise such option, any acceleration of indebtedness due to your default will be void

11 7 **Non-Waiver of Claims** Our consent to a transfer hereunder will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee

11 8 **Operation of the Franchised Business by Us** In order to prevent any interruption of the business of the Franchised Business and any injury to the goodwill and reputation thereof which would cause harm to the Franchised Business and thereby depreciate the value thereof, you authorize us, and we shall have the right, but not the obligation, to operate said Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement, in the event that i) any of your

owners is absent or incapacitated by reason of illness or death and that you are not, therefore, in our sole judgment, able to do the business licensed under this Agreement, or ii) any allegation or claim is made against the Franchised Business, you or any of your principals, directors, shareholders, members, partners or employees, involving or relating to misrepresentations or any fraudulent or deceptive practice In the event that we operate the Franchised Business, we at our option shall not be obligated to operate it for a period of more than 90 days All revenues from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account and the expenses of the Franchised Business If, as provided in this Section, we elect to temporarily operate the Franchised Business on your behalf, you agree to indemnify and hold us harmless from any and all claims arising from the acts and omissions of our representatives and us

12 DEFAULT AND TERMINATION

You shall be in default under this Agreement

12 1 You become insolvent or make an assignment for the benefit of creditors or you file a petition in bankruptcy, or such a petition is filed against you and consented to by you or is not dismissed within 30 days, or you are adjudicated as bankrupt, or a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and is consented to by you or is not dismissed within 30 days, or a receiver or other custodian is appointed, or proceedings for composition with creditors under any state or federal law should be instituted by or against you, or your real or personal property shall be sold at levy thereupon by any sheriff, marshal or constable

12 2 You are convicted of or plead guilty or “nolo contendere” to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is injurious to the System, the Proprietary Marks or the goodwill associated therewith, or we have proof that you have committed such a felony, crime or offense

12 3 You permit the use of the Studio or Studio premises for any illegal or unauthorized purpose, including, without limitation, palming off or substitution of products under the Proprietary Marks or other misuse of our Marks

12 4 Any other franchise agreement between you and us or any affiliated entity is terminated by reason of your default thereunder

12 5 You have failed to pay, perform, observe or comply with any of your duties and obligations under this Agreement, or you have failed to carry out in all respects your obligations under any lease, mortgage, equipment agreement, promissory note, security interest, conditional sales contract or other contract materially affecting the Studio, to which you are a party or by which you are bound, whether or not you are a party thereto

12 6 **Thirty Day Cure Period** Except as otherwise provided in this Section 12, you shall have the right to cure your default under this Agreement within 30 days after written notice of default is delivered pursuant to Section 17 hereof Notwithstanding the foregoing, the lesser periods shall apply under the circumstances described herein

12 7 **Seven Day Cure Period** A 7 day cure period shall apply if you fail, refuse, or neglect to pay when due any moneys owed to us or our affiliates or to any Fund, or if you fail to maintain the insurance coverage set forth in Subsection 10 of this Agreement

12 8 **24 Hour Cure Period** A 24 hour cure period shall apply to the violation of any law, regulation, order or standard relating to health, sanitation or safety standards

12 9 **Cure on Demand** You shall cure on demand all "hazardous situations" and remove and destroy on demand all "hazardous products" and shall cure any situation which poses an imminent risk to public health and safety

12 10 **No Cure Period** No cure period shall be available if you are in default under any Section designated 12 1 through 12 4 above, or if you abandon the Studio, or if you intentionally under-report Gross Revenues or falsify financial data or otherwise commit an act of fraud with respect to your acquisition of this Franchise or your rights or obligations under this Agreement, or if your lease for the Studio is terminated due to your default In addition, no cure period shall be available for any default if you have received 3 or more previous notices-to-cure for the same or a substantially similar default (whether or not you have cured the same), within the immediately preceding 12 month period No cure period shall be allowed if you fail, refuse, or neglect to seek our prior written approval or consent to transfer or assign, as required by this Agreement Further, no cure period shall be available if you are in breach of the non-competition covenants contained herein No cure period shall be provided if you operate your Franchised Business in a manner which poses a health or safety risk No cure period shall apply if you fail to commence operations of your Franchised Business by the Commencement Deadline, as defined herein

12 11 **Statutory Cure Period** If a statute in the state in which the Studio premises is located requires a cure period for the applicable default which is longer than any cure period specified in this Section 12, the statutory cure period shall apply

12 12 **Late Fee, Interest, and Costs** If you fail to cure a default within any applicable time period following notice set forth in Subsections 12 5 through 12 9, or if this Agreement is terminated as a result of your default, you shall pay us all damages, costs and expenses, including, without limitation, late fees, collection fees, interest at 1 5% per month, or the highest permissible rate, and reasonable investigation and attorneys' fees incurred by us as a result of any such default or termination All such interest payments, damages, costs and expenses may be included in and form part of the judgment awarded to us in any proceedings we bring against you

12 13 **Termination** If you fail to cure any default within the applicable period following notice, we may, in addition to all other remedies at law or in equity or as otherwise set forth in this Agreement, immediately terminate this Agreement Such termination shall be effective immediately upon receipt of written notice of termination Notwithstanding the foregoing, this Agreement shall immediately terminate upon the occurrence of any event set forth in Sections 12 1 through 12 4 or Section 12 10, without notice or opportunity to cure or notice of termination Upon any termination or expiration of this Agreement, all of your rights to

use the Proprietary Marks and the System(s) and to operate the Studio under the Proprietary Marks shall terminate and

12 13 1 You shall promptly pay us all sums owing or accrued to us, the Fund and any affiliated landlord entity including interest and any damages, costs and expenses, including reasonable attorney's fees, incurred by us by reason of your default

12 13 2 You shall immediately cease to operate the Studio and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee

12 13 3 You shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any feature or method associated with the System(s), any or all of the Proprietary Marks and any other trade secrets, confidential information, operating manuals, slogans, trade dress, signs, symbols or devices which are part of our System(s) or are otherwise used in connection with the operation of the Studio You agree that any such unauthorized use or continued use after the termination of this Agreement shall constitute irreparable harm Your continued use of our trademarks, trade names, Proprietary Marks, and service marks after termination of this Agreement shall constitute willful trademark infringement

12 13 4 You shall immediately return all operating manuals, plans, specifications, and other materials in your possession containing information we had prepared and relative to the operation of the Studio, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement, any correspondence between the parties, and any other documents which you reasonably need for compliance with any provision of law

12 13 5 You shall remove from the Studio premises and from any equipment, signs, trade fixtures, furnishings and other personal property and return all of the Proprietary Marks or other indicia, and shall disconnect, withdraw and or terminate, within five (5) days after termination or expiration of this Agreement, any telephone listings and/or fictitious name registration containing any part of the Proprietary Marks Upon our written demand, you shall assign to us, upon any termination, expiration, or non-renewal of this Agreement, any telephone number used in the operation of the You hereby appoint us as your attorney-in-fact, in your name, to do any act necessary to effect the intent of this Section,

12 13 6 You shall, but only in the case of any early termination of this Agreement due to your default, sell us, at our election, any or all of the equipment, interior and exterior signs, trade fixtures, furnishings and other personal property at purchase cost when originally installed in the Studio you used in connection with the Studio (hereinafter collectively "**Equipment**") at a sum, less a depreciation deduction computed on a straight line basis over a 10 year useful life for the respective items (but in no event less than 10% of the original purchase cost for such equipment, fixtures and furnishings) If you owe a balance due on its purchase or financing of such Equipment, or if the same are otherwise subject to a lien or claim for any indebtedness, the amounts of such balance and/or indebtedness shall be deducted from the purchase price payable to you All sums of money you owe us may be offset against the purchase

price payable to you Nothing contained herein, however, shall be construed to entitle you to be released from liability for such unpaid balance or indebtedness, if any, in excess of the portion of the purchase price applied for payment of such debts

12 13 7 You shall, at our option by notice to you within 30 days from the date of termination or expiration, assign to us any interest that you have in the lease or any other Agreement related to the Studio premises If we do not elect to exercise our option to acquire the lease, you shall make such modifications or alterations to the Studio premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Studio premises from that of other units in the System(s), and shall make such specific additional changes thereto as we may reasonably require for that purpose In the event you fail or refuse to comply with the requirements of this Section, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making such changes as may be required, at your expense, which expense you agree to pay upon demand

12 13 8 You shall pay us all damages, costs and expenses, including, but not limited to, reasonable investigation and attorney's fees and other reasonable expenses and costs such as travel costs and payroll expenses for our employees, included in obtaining injunctive or other relief for the enforcement of any provision of this Section 12

12 13 9 You shall continue to comply with Section 12 of this Agreement, for the post-term period specified therein If you begin to operate any other business wherever situated, you shall not use, in connection with such other business or the promotion thereof, any reproduction, counterfeit, copy or colorable imitation of any of our Proprietary Marks or trade dress, and you shall not utilize any designation of origin or description or representation which falsely suggests or represent an association or connection with us, whether or not constituting unfair competition

12 14 Nothing in this Agreement shall preclude us from seeking any remedy under federal or state law for willful trademark infringement, including, without limitation, injunctive relief No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy herein, or by law or equity provided or permitted but each shall be cumulative of every other right or remedy given hereunder You agree that the existence of any claims against us, whether or not arising from this Agreement shall not constitute a defense to the enforcement of any provision of this Agreement

12 15 Because the Studio is one of many units within the System(s) that sell similar products and services to the public, you agree that your failure to comply with the terms of this Agreement would cause irreparable damage to us and the System(s) as a whole for which no adequate remedy at law may be available, including, without limitation, violations of standards, unhealthy, unsafe or unsanitary conditions, unauthorized use of the Proprietary Marks and breaches under Section 6 hereof In the event of your breach or threatened breach of any of the terms of this Agreement, we shall therefore be forthwith entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage or irreparable harm or lack of an adequate remedy at law, and without the requirement for the posting of bond, the same being hereby waived by you, until a final determination is

made by a court of competent jurisdiction The foregoing remedy shall be in addition to all other remedies or rights which we might otherwise have by virtue of any breach of this Agreement

12 16 Upon the expiration or termination of this Agreement for any reason, we shall have the right (but not the obligation) to continue to provide services to clients of the Franchised Business for such period as we deem necessary and practical to i) exercise our option to purchase the Franchised Business and/or assume any applicable lease pursuant, and/or ii) prevent injury to the goodwill and reputation of the Marks We will be responsible for all operating expenses of the Franchised Business during such period of time We shall have no other obligations to you in connection with our operation of the Franchised Business following the termination or expiration of this Agreement

12 17 You shall comply with all applicable covenants that, by their nature, survive expiration or termination of this Agreement, including those contained in Section 13 of this Agreement

12 18 Other than as specifically set forth above, you shall have no interest in the Franchised Business upon termination or expiration of this Agreement

13 CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

13 1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable specialized training and confidential information, including, without limitation, information regarding our operational, sales, promotional and marketing methods, and techniques and our System You covenant that, during the term of this Agreement, except as otherwise approved in writing by us, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or legal entity

13 1 1 Communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement You will divulge such confidential information only to your employees who must have access to it in order to operate the Studio Any and all information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of this Agreement You and your Owners will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form You and your Owners will not use the Confidential Information in any other business or capacity You and your Owners will adopt and implement all reasonable procedures we prescribe to prevent unauthorized use or disclosure of the confidential information

13 1 2 Divert or attempt to divert any business or customer of the Studio 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

13 1 3 Employ, recruit, or seek to employ any of our employees or of any franchisee or developer for a period of at least 1 year following the non-employment of such employee, or otherwise directly or indirectly induce any of our employees or of any franchisee or developer to leave his or her employment

13 1 4 Except with respect to Acting-A-Part Studios operated under valid agreements with us, you cannot own, maintain, operate, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any financial or beneficial interest in any business that in any way competes with any other Acting-A-Part Studio

13 2 You covenant that, except as otherwise approved in writing by us, you will not, during the term of this Agreement and for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for 2 years thereafter, either directly or indirectly, for yourself as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent, or through, on behalf of, or in conjunction with any person or legal entity or immediate family members (e g , spouse or children)

13 2 1 Except with respect to Acting-A-Part Studios operated under valid agreements with us, you cannot own, maintain, operate, engage in, be employed by, advise, assist, invest in, franchise, make loans to or have any financial or beneficial interest in any business that is the same or substantially similar to an Acting-A-Part Studio or that in any way competes with any other Acting-A-Part Studios and which is, or is intended to be, located within a radius of 20 miles of the Approved Location or of the location of any other franchised or Company-Owned Studio or Affiliate-Owned Studio in existence on the date of termination or expiration of the Franchise Agreement

13 2 2 Employ, or seek to employ, any person who is at the time (or has been within the preceding 6 months) employed by us or any of our affiliates, or any of our franchisees or developers, or otherwise directly or indirectly induce such persons to leave that person's employment

13 2 3 Divert or attempt to divert any business or customer of the Studio 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 Marks and the System

13 3 Neither you nor any Principal will at any time i) Appropriate or use the trade secrets or any portion of the trade secrets incorporated within the System, in any business which is not within the System, ii) disclose or reveal any portion of the System to any person, other than to your franchised business's employees as part of their training, iii) acquire any right to use any name, mark or other intellectual property right which is or may be granted by this Agreement, except in connection with the operation of the Franchised Business or iv) communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the methods of development or operation of a business or system by utilizing the Acting-A-Part System, communicated by us in connection with the franchised business

13 4 You understand and acknowledge that we will have the right, in our sole discretion, to modify the scope of any covenant set forth in Sections 13 1 and/or 13 2 of this Agreement, or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof, and you agree that it you will comply forthwith with any covenant as so modified, which will be fully enforceable

13 5 You acknowledge and agree that your violation of the terms of this Section 13 will result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly acknowledge and agree that we may seek an injunction prohibiting any conduct in violation of the terms of this Section 13

13 6 You will obtain and furnish a non-disclosure agreement and covenant not to compete, in the form attached to this agreement as **Exhibit "3,"** to any or all of the following persons, if such persons have access to information regarding the Franchised Business i) The Manager, assistant managers, instructors, and any other employees of the Studio as designated by us, ii) officers, directors, and holders of a beneficial interest of 5% or more of your securities, and of any corporation directly or indirectly controlling you, if you are a corporation, iii) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership, and iv) the members (including any corporation, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities of any corporation which controls, directly or indirectly, any member), if you are a limited liability company and v) and any others to whom any confidential information is communicated, including the spouses of your owners, as set forth above

13 7 You understand and acknowledge that you will disclose to us all ideas, concepts, promotional materials, methods, techniques and products relating to the development and operation of Acting-A-Part Studios which you or your employees conceive or develop during the term of Agreement You shall grant us and agree to procure from your affiliates, owners or employees a perpetual, non-exclusive and worldwide right to use same in all Acting-A-Part Studios or other similar facilities or businesses we operate We shall have no obligation to make any payment with respect to any such idea, concept, method, technique or product You agree that you will not use nor allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval

14 TAXES, PERMITS, AND INDEBTEDNESS

14 1 You will promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Studio You will pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us

14 2 In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law, however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Studio or any improvements thereon

14 3 You will comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or franchises necessary for the full and proper conduct of the Studio, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, health and sanitation permits and ratings, and fire clearances

14 4 You will notify us in writing within 5 days after the receipt of notice of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Studio

15 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

15 1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that you will be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever

15 2 During the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the Studio pursuant to a franchise from us You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Studio premises, the content and form of which we reserve the right to specify

15 3 You will indemnify and hold us, our parent, subsidiaries and affiliates, including our and their respective members, officers, directors, employees, agents, successors and assigns, harmless from all claims related in any way to your operation, possession or ownership of the Studio or the physical premises on which the Studio is located, or any debt or obligation of yours This indemnification covers all fees (including reasonable attorneys' fees), costs and other expenses incurred by us or on our behalf in the defense of any claims, and shall not be limited by the amount of insurance required under this Agreement Our right to indemnity shall be valid notwithstanding that joint or concurrent liability may be imposed on us by statute, ordinance, regulation, or other law We will notify you of any claims covered by this paragraph, and you shall have the opportunity to assume the defense of the matter We shall have the right to participate in any defense that is assumed by you, at our own cost and expense No settlement of any claim against us shall be made without our prior written consent if we would be subjected to any liability not covered by you or your insurer

15 3 1 It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name, and that we will in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor will we be liable by reason of any act or omission of you in your conduct of the Studio or for any claim or judgment arising therefrom against you or us, including, without limitation, negligence and violations of state and/or federal law

16 APPROVALS AND WAIVERS

16 1 Whenever this Agreement requires our prior approval or consent, you will make a timely written request to us therefore, and such approval or consent will be obtained in writing

16 2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor

16 3 No failure of us to exercise any power reserved to us in this Agreement, or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, will constitute a waiver of our rights to demand exact compliance with any of the terms of this Agreement Our waiver of any particular default will not affect or impair our right with respect to any subsequent default of the same or of a different nature, nor will any delay, forbearance, or omission of us to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement affect or impair our rights, nor will such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default

17 NOTICES

Any and all notices required or permitted under this Agreement will be in writing and will be personally delivered or sent by a means which affords the sender evidence of delivery or attempted delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party

Notices to FRANCHISOR

AAP FRANCHISING, LLC
409 Woodport Road
Sparta, New Jersey 07871
Attention ____________________
____

With copy to

PARIS ACKERMAN & SCHMIERER LLP

103 Eisenhower Parkway
Roseland, New Jersey 07068
Attention David S Paris, Esq

Notices to FRANCHISEE

With copy to

Any notice sent or delivered as aforesaid will be deemed to have been given at the date and time of receipt or attempted delivery

18 ENTIRE AGREEMENT

THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES The preambles and exhibit(s) are part of this Agreement, which constitute the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement Any representation(s) not specifically contained in this Agreement made prior to entering into this Agreement do not survive subsequent to the execution of this Agreement Nothing in this or any related agreement is intended to disclaim the representations we made in the Disclosure Document that we furnished to you The parties have entered into this Agreement for the sole purpose of authorizing you to use the rights licensed by this Agreement in the operation of a single Franchised Business operation at the designated Location during the term of this Agreement, in which those specific products and services designated by us for sale at such locations are offered for sale All consideration being furnished by the you to us during the course of performance of this Agreement has been determined based on the limited rights and other limitations expressed herein No other rights have been bargained for or paid for This provision is intended to define the nature and extent of the parties mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above The parties further acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties, which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain

19 SEVERABILITY AND CONSTRUCTION

19 1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision of this Agreement will be considered severable, and if, for any reason, any portion, section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise

intelligible, and the latter will continue to be given full force and effect and bind the parties hereto, and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement

19 2 Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, us or our officers, directors, and employees, and such, any rights or remedies under or by reason of this Agreement

19 3 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order

19 4 All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision hereof

20 APPLICABLE LAW AND DISPUTE RESOLUTION

20 1 **Governing Law, Venue and Jurisdiction** This Agreement is made in the State of New Jersey, and its provisions will be governed by and interpreted under the laws of that State, except that the arbitration clause is exclusively governed by and shall be construed in accordance with the Federal Arbitration Act

20 1 1 The parties expressly agree to the exclusive jurisdiction and venue of the State Superior Court in Sussex County, New Jersey and the jurisdiction and venue of the United States District Court for the District of New Jersey You acknowledge that this Agreement has been entered into in the State of New Jersey and that you are to receive valuable and continuing services emanating from our headquarters in Sussex County, New Jersey In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of New Jersey set forth above

20 2 **Negotiation and Mediation** The parties have reached this Agreement in good faith and in the belief that it is mutually advantageous to them In the same spirit of cooperation, they pledge to try to resolve any dispute without litigation or arbitration They agree that, if any dispute arises between them, before beginning any legal action or arbitration to interpret or enforce this Agreement, they will first follow the procedures described in this Section Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any legal action or arbitration to interpret or enforce this Agreement

20 2 1 **Initiation of Procedures** The party that initiates these procedures ("**Initiating Party**") must give written notice to the other party, describing in general terms the nature of the dispute, specifying the Initiating Party's claim for relief, and identifying one or

more people with authority to settle the dispute for him, her, or it The party receiving the notice ("**Responding Party**") has 7 days within which to designate by written notice to the Initiating Party one or more individuals with authority to settle the dispute on the Responding Party s behalf These individuals are called the "**Authorized Representatives** '

20 2 2 **Direct Negotiations** The Authorized Representatives may investigate the dispute as they consider appropriate, but agree to meet within 7 days from the date of the designation of Authorized Representatives to discuss resolution of the dispute The Authorized Representatives may meet at any times and places and as often as they agree If the Dispute has not been resolved within 10 days after their initial meeting, either party may begin mediation procedures by giving written notice to the other party that it is doing so

20 2 3 **Selection of Mediator** The Authorized Representatives will have 7 days from the date on which one party gives notice that he, she, or it is beginning mediation within which to submit to one another written lists of acceptable mediators who are not associated with either of the parties Within 7 days from the date of receipt of any list, the Authorized Representatives must rank all the mediators in numerical order of preference and exchange the rankings If one or more names are on both lists, the highest ranking one of these will be designated the mediator If this process does not result in selection of a mediator, the parties agree jointly to request the arbitral organization to supply a list of qualified potential mediators Within 7 days after receipt of the list, the parties must again rank the proposed mediators in numerical order of preference and must simultaneously exchange their lists They will then select as mediator the person having the highest combined ranking If the mediator is not available to serve, the parties must go on to contact the mediator who was next highest in ranking until they are able to select a mediator

20 2 4 **Time and Place for Mediation** In consultation with the parties, the mediator should promptly designate a mutually acceptable time and place for the mediation Unless circumstances make it impossible, the time may not be later than 30 days after selection of the mediator

20 2 5 **Exchange of Information** If either party to this Agreement believes that it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on the procedures for an exchange of information, with the help of the mediator if required

20 2 6 **Summary of Views** At least 7 days before the first scheduled mediation session, each party must deliver to the mediator and to the other party a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her

20 2 7 **Representatives** In the mediation, each party must be represented by an authorized person and may be represented by counsel In addition, each party may, with permission of the mediator, bring with him, her, or it any additional people who are needed to respond to questions, contribute information, and participate in the negotiations

20 2 8 **Conduct of Mediation** The mediator should advise the parties in writing of the format for the meeting or meetings If the mediator believes it will be useful after reviewing the position papers, he or she should give both the mediator and the authorized people an opportunity to hear an oral presentation of each party's views on the matter in dispute The mediator should assist the authorized people to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties All mediation sessions will be strictly private The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible

20 2 9 **Termination of Procedure** The parties agree to participate in the mediation procedure to its conclusion, as defined in this section The mediation may be concluded by i) signing a settlement agreement, ii) the mediator's declaration that the mediation is terminated, or iii) a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any legal action or seek another remedy before the expiration of 5 days following the mediation A party may begin litigation within this period only if the litigation might otherwise be barred by an applicable statute of limitations or in order to request an injunction to prevent irreparable harm

20 2 10 **Fees of Mediator, Disqualification** The fees and expenses of the mediator must be shared equally by the parties The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved

20 2 11 **Confidentiality** The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence The parties agree that no stenographic, visual or audio record of the proceedings may be made Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and should be treated as privileged No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation

20 3 **Arbitration** Any dispute arising out of or in connection with this Agreement, if not resolved by the negotiation and mediation procedures described above, must be determined in New Jersey by the American Arbitration Association ("AAA") This arbitration clause will not deprive us of any right we may otherwise have to seek provisional injunctive relief from a court of competent jurisdiction The arbitrator must have substantial experience in franchise law and with commercial disputes The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of

arbitration If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear Both parties waive any rights they may have to demand trial by jury or to seek punitive damages from one another The arbitrator will have no power to i) stay the effectiveness of any pending Termination of franchise, ii) assess punitive damages against either party, or iii) make any award that modifies or suspends any lawful provision of this Agreement The arbitration will occur with the respective parties paying their own costs In the event the arbitrator(s) render a decision, the prevailing party shall be entitled to have all of the reasonable costs and fees incurred in connection with the arbitration paid by the non-prevailing party Any court of competent jurisdiction may enter judgment upon any award

20 4 **Injunctive Remedy for Breach** You recognize that you are a member of a Franchise Network and that your acts and omissions may have a positive or negative effect on the success of other businesses operating under our trade name and in association with our Marks Failure on the part of a single franchisee to comply with the terms of its franchise agreement is likely to cause irreparable damage to us and to some or all of the other our franchisees For this reason, you agree that if we can demonstrate to a court of competent jurisdiction that there is a substantial likelihood of your breach or threatened breach of any of the terms of this Agreement, we will be entitled to an injunction restraining the breach or to a decree of specific performance, without showing or proving any actual damage, until a final determination is made We have the exclusive right to seek relief pursuant to this section in a court of competent jurisdiction as defined in this Agreement or any other court of competent jurisdiction

20 5 **Attorney Fees and Costs** If legal action, including any motion to compel arbitration or action on appeal, or arbitration is necessary to enforce the terms and conditions of this Agreement or for violation of this Agreement, the prevailing party will be entitled to recover reasonable compensation for preparation, investigation and court or arbitral costs or both and reasonable attorney fees, as fixed by a court of competent jurisdiction or by the arbitrator

20 6 **WAIVER OF CERTAIN LEGAL RIGHTS**

20 6 1 BOTH WE AND YOU WAIVE AND AGREE NOT TO INCLUDE IN ANY PLEADING OR ARBITRATION DEMAND CLASS ACTION CLAIMS, DEMAND FOR TRIAL BY JURY, CLAIMS FOR LOST PROFITS, OR CLAIMS FOR PUNATIVE, MULTIPLE OR EXEMPLARY DAMAGES

20 6 2 IF ANY PLEADING IS FILED THAT CONTAINS ANY OF THESE CLAIMS OR A JURY DEMAND, OR IF A COURT DETERMINES THAT ALL OR ANY PART OF THE WAIVERS ARE INEFFECTIVE, THEN THE PLEADING SHALL BE DISMISSED WITH PREJUDICE, LEAVING THE PLEADING PARTY TO ITS ARBITRATION REMEDY

20 6 3 NO CLAIMS BY EITHER OF US CAN BE CONSOLIDATED WITH THE CLAIMS OF ANY OTHER PARTY IF SUCH CLAIMS CANNOT BE

WAIVED BY LAW, THEN THE PARTIES AGREE THAT ANY RECOVERY WILL NOT EXCEED 2 TIMES ACTUAL DAMAGES

20 7 No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be, deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each will be cumulative of every other right or remedy

20 8 Nothing herein contained will bar our right to obtain injunctive 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 injunctions

20 9 You will pay us all damages, costs, and expenses, including attorneys' fees, that we incur in enforcing any provision of this Agreement, including without limitation the obtaining of injunctive relief

21 ENFORCEMENT

21 1 If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions of this Agreement, and we shall have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, or any specification, standard or operating procedure prescribed by us, any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order Such modifications to this Agreement shall be effective only in such jurisdiction, unless we elect to give them greater applicability, and shall been enforced as originally made and entered into in all other jurisdictions

21 2 **Waiver of Obligations** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice of such waiver or reduction to the other or such other effective date stated in the notice of waiver Whenever this Agreement requires our prior approval or consent, you shall make a timely written request for such approval or consent, and such approval or consent shall be obtained in writing If, for any reason or no reason, we deny approval or consent, and you seek legal redress for such denial, the only relief to which you will be entitled is to acquire our approval or consent You are not entitled to any other relief or damages for our denial of approval or consent for any reason or no reason

21 3 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by granting any waiver, approval or consent to you, or by reason of any neglect, delay or denial of any request therefore Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us, and may be revoked, at our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice

21 4 We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise prior to the expiration of its term) by virtue of any custom or practice of the parties at variance with the terms in this Agreement, any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard, or operating procedure, and waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or diffeient nature, with respect to other Studios, or our acceptance of any payments due from you after breach of this Agreement

21 5 Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if either of our failure to perform either of our obligations results from i) transportation shortages, inadequate supply of labor, material or energy, customs or importation problems, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate requests, recommendations or instructions of any federal, state or municipal government or any department or agency of any federal, state or municipal government, ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or omissions of the other party, iii) fires, strikes, embargoes, war, or riot, or iv) any other similar event or cause Any delays resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable

22 ACKNOWLEDGMENTS

22 1 You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your ability as an independent businessperson We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement

22 2 You acknowledge that you have read and understood this Agreement, the Attachments thereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with advisors of your own choosing about the potential benefits and risks of entering into this Agreement

22 3 You acknowledge that you received a copy of our complete Franchise Agreement, the Attachments thereto, and agreements relating thereto, if any, at least 14 calendar days before the date on which this Agreement was executed You further acknowledge that you received the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission at least 14 calendar days before the date on which this Agreement was executed

23 OPTION TO PURCHASE

23 1 Upon the expiration or termination of this Agreement for any reason, we shall give written notice to you, within 30 days after the effective date of such termination or expiration, if we intend to exercise our option to purchase from you some or all of the assets used in connection with the operation of the Studio ("**Assets**") As used in this Section 23, the term "Assets" means, without limitation, leasehold improvements, equipment, trade dress, furnishings, fixtures, signs and inventory used in the operation of the Studio, and the real estate fee simple or the lease or sublease for the Studio

We shall be entitled to the entry of interlocutory and permanent orders of specific performance by a court of competent jurisdiction if you fail to timely meet your obligations under this Section 23 We shall have the unrestricted right to assign this option to purchase the Assets In the event we elect to exercise our rights under this Section 23, we or our assignee shall be entitled to all customary representations and warranties that the Assets are free and clear (or, if not, accurate and complete disclosure) as to i) ownership, condition and title, ii) liens and encumbrances, iii) environmental and hazardous substances and iv) validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise

23 2 The purchase price for the Assets ("**Purchase Price**") shall be their fair market value, (or, for leased assets, the fair market value of Franchisee's lease) determined as of the effective date of purchase in a manner that accounts for reasonable depreciation and condition of the Assets, provided, however, that the Purchase Price shall take into account the termination of this Agreement Further, the Purchase Price for the Assets shall not contain any factor or increment for any Marks, including trademark, service mark or other commercial symbol used in connection with the operation of the Studio nor any goodwill or "going concern" value for the Studio We may exclude from the Assets purchased in accordance with this Section any equipment, vehicles, furnishings, fixtures, signs, and inventory that are not accepted as meeting then-current standards for a Studio or for which you cannot deliver a Bill of Sale in a form satisfactory to us

23 3 If we and you are unable to agree on the fair market value of the Assets within 30 days after the date you received our notice expressing our intent to exercise our option to purchase the Assets, the fair market value shall be determined by two professionally certified appraisers, one selected by you and one selected by us If one appraisal is more than 10% greater than the other appraisal, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value of the Assets The average value set by the appraisers (whether two or three appraisers as the case may be) shall be conclusive and shall be the Purchase Price

23 4 The appraisers shall be given full access to the Studio and your books and records during customary business hours to conduct the appraisal and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 23 The appraisers' fees and costs shall be borne equally by us and you

23 5 Within 10 days after the Purchase Price has been determined, we may exercise our option to purchase the Assets by so notifying you in writing ("**Purchase Notice**") The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase (the "**Closing**"), which shall take place no later than 60 days after the date of the Purchase Notice From the date of the Purchase Notice until Closing

23 5 1 You shall operate the Studio and maintain the Assets in the usual and ordinary course of business and maintain in full force all insurance policies required under this Agreement, and

23 5 2 We shall have the right to appoint a manager, at our expense, to control the day-to-day operations of the Studio and you shall cooperate, and instruct your employees to cooperate, with the manager appointed by us Alternatively, we may require you to close the Studio during such time period without removing any Assets from the Studio

23 6 For a period of 30 days after the date of the Purchase Notice ("**Due Diligence Period**"), we shall have the right to conduct such investigations as we deem necessary and appropriate to determine i) the ownership, condition and title of the Assets, ii) liens and encumbrances on the Assets, iii) environmental and hazardous substances at or upon the Studio, and iv) the validity of contracts and liabilities inuring to us or affecting the Assets, whether contingent or otherwise You will afford us and our representatives access to the Studio and the at all reasonable times for the purpose of conducting inspections of the Assets, provided that such access does not unreasonably interfere with your operations of the Studio

23 7 During the Due Diligence Period, at our sole option and expense, we may i) cause the title to the Assets that consist of real estate interests ("**Real Estate Assets**") to be examined by a nationally recognized title company and conduct lien searches as to the other Assets, ii) procure "AS BUILT" surveys of any real estate on which the Studio is situated, iii) procure environmental assessments and testing with respect to of any real estate on which the Studio is situated, and/or iv) inspect the Assets that consist of leasehold improvements, equipment, vehicles, furnishings, fixtures, signs and inventory to determine if the they are in satisfactory working condition Prior to the end of the Due Diligence Period, we shall notify you in writing of any objections that we have to any finding disclosed in any title to lien search, survey, environmental assessment or inspection If you cannot or elect not to correct any such title defect, environmental objection or defect in the working condition of the Assets, we will have the option to either accept the condition of the Assets as they exist or rescind our option to purchase on or before the Closing

23 8 Prior to the Closing, we and you shall comply with all applicable legal requirements, including the bulk sales provisions of the Uniform Commercial Code of the state in which the Studio is located and the bulk sales provisions of any applicable tax laws and

regulations You shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Studio prior to Closing We shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by you to us, and the amount of any encumbrances or liens against the Assets or any obligations assumed by us

23 9 If the Studio is situated on premises that are leased, we agree to use reasonable efforts to effect a termination of the existing lease for the Studio location If the lease for the Studio location is assigned to us or we sublease the Studio location from you, we will indemnify and hold you harmless from any ongoing liability under the lease from the date we assume possession of the premises, and you will indemnify and hold us harmless from any liability under the lease prior to and including that date

23 10 If you own the real property on which the Studio is situated, we, at our option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with you on terms comparable to those for which similar commercial properties in the area are then being leased The initial term of this lease with you shall be at least 10 years with 2 options to renew of 5 years each and the rent shall be determined in accordance with the fair market rental value for the geographic area If we and you cannot agree on the fair market rental value of the location, then appraisers (selected in the manner described in Section 20 3) shall determine the rental value

23 11 At the Closing, you shall deliver instruments transferring to us or our assignee i) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us or our assignee), with all sales and other transfer taxes paid by you, ii) all licenses and permits for the Studio that may be assigned or transferred, with appropriate consents, if required and iii) the lease or sublease for the premises on which the Studio is situated, if any, with appropriate consents, if required If you cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow

[SIGNATURE PAGE TO FOLLOW]

FRANCHISOR

AAP FRANCHISING, LLC

______________________________ ______________________________

Witness By

Its

____

Witness

STATE OF)

____

) ss

COUNTY OF)

____

The foregoing instrument was acknowledged before me this ________ day of _____________, in the year 201__ by _____________, ____________ of _______________________________
He/she is personally known to me or has produced ________________ as identification

Notary

Print Name ____________________________

Notary Public, State of ______________

My commission expires _____________________

NOTARY SEAL

FRANCHISEE

_______________________________ _______________________________

Witness Print Name _______________________________

_______________________________ Address _______________________________

Witness _______________________________

____

STATE OF)

____

) ss

COUNTY OF)

____

The foregoing instrument was acknowledged before me this ________ day of _____________, in the year 201__ by _____________, ____________ of _______________________________
He/she is personally known to me or has produced ________________ as identification

Notary _______________________________

Print Name _______________________________

NOTARY SEAL

Notary Public, State of ______________

My commission expires

____

SCHEDULE "A"

APPROVED LOCATION/PROTECTED TERRITORY

Section A Approved Location

The address of the Approved Location referred to in Section 1 2 of the Agreement is as follows ____

____

You acknowledge and agree that our approval of the Location is not a guarantee, recommendation or endorsement of the Location and that the success of your Acting-a-Part Studio to be operated at the Location is dependent upon your abilities as an independent business person If this Schedule "A" is not completed at execution of the Franchise Agreement, then no Location has yet been obtained, and this Schedule "A" will be completed at a later date or if not completed, the Franchisor s written approval of the actual Location shall be deemed to replace Section A of this Addendum

Section B Protected Territory

The Protected Territory referred to in Section 1 3 of the Agreement is as follows

____

____

____

☐ Check if map is attached

FRANCHISEE

____

By ________________________

Title ________________________

FRANCHISOR

AAP FRANCHISING, LLC

By ________________________

Title ________________________

SCHEDULE "B"

FRANCHISEE IDENTIFICATION AND OWNERSHIP

As of ______________________, 20___, the following information is true, accurate and correct

Form of Franchisee (i) corporation, (ii) partnership, (iii) limited liability company, (iv) sole proprietorship, or (v) other (describe) ________________________________

Names and addresses of shareholders, partners, members, or other ownership holders of Franchisee

Names and Addresses	**Ownership Interest**
______________________________________ ______________________________________ ______________________________________ ______________________________________	________**%** ________ **Shares of Stock**
______________________________________ ______________________________________ ______________________________________ ______________________________________	________**%** ________ **Shares of Stock**
______________________________________ ______________________________________	________**%** ________ **Shares of Stock**

____________________ ____________________	
____________________ ____________________ ____________________ ____________________	________% ________ **Shares of Stock**

FRANCHISEE

____

By ____________________

Title ____________________

EXHIBIT "1" TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT

(ELECTRONIC FUNDS TRANSFER/DIRECT DEBITS)

EXHIBIT "1"

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT

(ELECTRONIC FUNDS TRANSFER/DIRECT DEBITS)

The undersigned depositor, ("Depositor") authorizes AAP FRANCHISING, LLC ("Franchisor") to request debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated below and the depository ("Depository") to debit the account according to Franchisor's instructions

______________________________ ______________________________

Depository Branch

____

Street Address, City, State, Zip Code

______________________________ ______________________________

Bank Transit/ABA Routing Number Account Number

This authorization is to remain in full force and effect until Depository has received joint written notification from Franchisor and Depositor of the Depositor's termination of the authorization in a time and manner that will give Depository a reasonable opportunity to act on it Notwithstanding the foregoing, Depository will give Franchisor and Depositor thirty (30) days prior written notice of the termination of this authorization If an erroneous debit entry is made to Depositor's account, Depositor will have the right to have the amount of the entry credited to the account by Depository, if within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to the entry or forty five (45) days after posting, whichever occurs first, Depositor has sent Depository a written notice identifying the entry, stating that the entry was in error, and requesting Depository to credit the amount of it to the account

These rights are in addition to any rights Depositor may have under federal and state banking laws

____________________	____________________
Depositor	**Depository**
By ____________________	**By** ____________________
____________________	____________________
Title	**Title**
____________________	____________________
Date	**Date**

EXHIBIT "2" TO THE FRANCHISE AGREEMENT

OPTION TO ASSUME LEASE

OPTION TO ASSUME LEASE

1 If ______________________________ (the "**Tenant**") defaults under the Lease dated ______________________________ (the "**Lease**") by and between ______________________________ (the "**Landlord**") and Tenant for the premises located at ______________________________ (the "**Premises**'), or if AAP Franchising, LLC (the "**Franchisor**") terminates Tenant s franchise agreement covering the Premises, Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the Lease pursuant to the terms of this Option which supplements and forms a part of the Lease

2 Landlord agrees to give Franchisor written notice specifying all default(s) of Tenant under the Lease Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant's franchise agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of Tenant's defaults thereunder All notices will be by nationally recognized overnight courier (with tracking capability)

3 Franchisor may, within 30 days from receipt of notice from Landlord that Tenant has defaulted under the Lease and failed to cure such default(s) as required or permitted by the terms of the Lease, or sending of notice to Landlord that Franchisor has terminated Tenant's franchise agreement covering the Premises, notify Landlord of Franchisor's decision to assume the Lease If Franchisor exercises its right to assume the Lease by sending Landlord the required notice, immediately upon Franchisor's receipt of possession of the Premises, Franchisor will cure all of Tenant's monetary defaults under the Lease, begin curing all of Tenant's non-monetary defaults under the Lease, and execute an agreement pursuant to which Franchisor agrees to assume all of Tenant's rights and obligations under the Lease, subject to (i) Franchisor's right, without the need to obtain Landlord's consent, to sublet the Premises or assign the Lease to an approved franchisee of Franchisor provided Franchisor remains liable for the payment of rent and the performance of Tenant s duties under the Lease (ii) Franchisor not being subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed 90 days in each instance and provided further that Franchisor continues to pay rent during such period of closure pursuant to the terms of the Lease, and (iii) Franchisor's right, if it subleases the Premises to a franchisee as provided above, to retain all consideration payable under such sublease

4 If Franchisor exercises its right to assume the Lease, Tenant agrees to assign all of its right, title and interest in the Lease to Franchisor and, if Tenant does not do so within ten (10) days of Franchisor s written notice, Tenant appoints Franchisor as its agent to execute all documents that may be necessary for Franchisor to take assignment of the Lease Notwithstanding anything to the contrary contained herein, Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs and de-identification costs (the parties acknowledging that Franchisor may enter the Premises without being guilty of trespass or tort to de-identify the Premises)

Franchisor may assign this Option and its rights hereunder to any affiliate, subsidiary or parent of Franchisor This Option may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument A facsimile signature may be used for any purpose in lieu of an original signature

This Option is dated ____________________, 20____

LANDLORD

____
By ______________________________
Its ______________________________

Address __________________________

____

Phone ____________________________

TENANT

____
By ______________________________
Its ______________________________

By ______________________________
, Individually

By ______________________________
, Individually

By ______________________________
, Individually

FRANCHISOR

____
By ______________________________
Its ______________________________

409 Woodport Road
Sparta, New Jersey 07871
Attention Legal Department

EXHIBIT "3" TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AGREEMENT/NON-COMPETE AGREEMENT

EXHIBIT "3"

NON-DISCLOSURE AGREEMENT/NON-COMPETE AGREEMENT

_____________________ ("**Confidant**"), in exchange for certain proprietary information and operational training provided by AAP FRANCHISING, LLC ("**Franchisor**") and the grant of an Acting-A-Part franchise by Franchisor or employment by Franchisor or one of its franchisees, agrees as follows

RECITALS

WHEREAS Franchisor licenses the use of a distinctive system (the "**System**") for the development and operation of an Acting-A-Part theatre company and production studio, which offers acting classes, implementing Franchisor's specialized curriculums, techniques and instruction, and utilizing the Acting-A-Part System that operate under the name "**ACTING-A-PART**" ("**Studio**' or "**Acting-A-Part Studio**"), and

WHEREAS, the System includes, but is not limited to, certain trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin, including, but not limited to, the marks "**Acting-A-Part,**' "**Acting-A-Part Studio**" and such other trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin ("**Marks**"), as Franchisor and/or its affiliates may develop in the future to identify for the public the source of services and the products marketed under such Marks and under the System, and

WHEREAS, the Marks and System provide economic advantages to Franchisor, and the System is not generally known to, and is not readily ascertainable by proper means by, Franchisor's competitors who could obtain economic value from knowledge and use of the System, and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the System, and

WHEREAS, Franchisor has granted Franchisee the right to operate a Studio using the Marks and the System for the period defined in a Franchise Agreement dated _______________, 20__ (the **Franchise Agreement**"), between Franchisor and Franchisee, and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the System, and

WHEREAS, it will be necessary for certain employees, agents, independent contractors, officers, directors, managers and holders of ownership interests in Franchisee, or any entity having an interest in Franchisee of which Covenantor is one, to have access to and to use of the System in the management and operation of Franchisee's business, and

WHEREAS, Covenantor wishes to become a Franchisee, or remain or become employed by or associated or with Franchisee, and

WHEREAS, Covenantor wishes and needs to receive and use the System in the course of his or her employment or association in order to effectively perform his services and duties as or for Franchisee, and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the System constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows

Confidentiality Agreement

1 Franchisor and/or Franchisee shall disclose to Covenantor some or all of the proprietary information and provide certain materials relating to the System All capitalized terms not defined in this Agreement shall have the meaning given in the Franchise Agreement All information and materials, including, without limitation, any manuals, drawings, specifications, techniques, curriculums, and compilations of data which Franchisor provides to Franchisee and/or Covenantor shall be deemed proprietary for the purposes of this Agreement

2 Covenantor shall be granted access to the System in confidence and shall, at all times, maintain same in confidence, and use same only in the course of his/her employment by or association with Franchisee and then only in connection with the development and/or operation by Franchisee of a Studio using the System for so long as Franchisee is licensed by Franchisor to use the System

3 Covenantor shall not at any time make copies of any documents, Manuals, or compilations relating to the System without Franchisor's express written permission

4 Covenantor shall not at any time disclose or permit the disclosure of the information and materials relating to the System, except to other employees of Franchisee, and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of a Studio using the System

5 Covenantor shall surrender any material, including Manuals, relating to the System to the Franchisee or Franchisor, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Covenantor

6 Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System

7 All Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent

Covenants Not to Compete

1 In order to protect the goodwill and distinctive qualities, confidentiality and value of the System, and in consideration for being granted access to and use of the System, Covenantor further agrees and covenants as follows

a Not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchisee's Studio to any competitor

b Not to employ, or seek to employ, any person who is at the time (or has been within the preceding 12 months) employed by Franchisor, or any of its affiliates, or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such person to leave that person s employment except as may occur in connection with Franchisee's employment of such person if permitted under the Franchise Agreement

c Except with respect to the Studio described in the Franchise Agreement and other Studios operated under Franchise Agreements between Franchisee and its affiliates and Franchisor or its affiliates, or as otherwise approved in writing by Franchisor, franchisee will not, during the term of the Franchise Agreement directly or indirectly, for himself or through, on behalf of, or in conjunction with any person, partnership, limited liability company or corporation, without the prior written consent of Franchisor, have any interest as an owner, partner, director, officer, employee, manager, consultant, shareholder, representative, agent or otherwise in any business competitive with the services then offered by Franchisor

2 In further consideration for being granted access to and use of the System, Covenantor agrees and covenants that for 2 years following the earlier of the expiration, non-renewal, termination or transfer of all of Franchisee's interest in the Franchise Agreement or the termination of his/her employment by or association with Franchisee, for whatever reason, Covenantor will not without the prior written consent of Franchisor

a Divert, or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Studio to any competitor

b Employ, or seek to employ, any person who is at the time (or has been within the preceding 6 months) employed by Franchisor, or any of its affiliates, or any franchisee or developer of Franchisor, or otherwise directly or indirectly induce such persons to leave that person's employment

c Starting on the effective date of the expiration, termination, non-renewal or transfer, Covenantor will not directly or indirectly have any interests for itself as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent, or through, on behalf of, or in conjunction with any person or legal entity or immediate family members (e g , spouse or children), be in any business involved, in whole or in part, which is the same as, similar to or competitive with an Acting-A-Part Studio and which is, or is intended to be, located within a radius of 20 miles of Franchisee's Approved Location or its Studio Location or of the location of any other franchisee owned or company owned Acting-A-Part Studio The above restrictions do not apply to i) owning or operating other Acting-A-Part Studios under franchise agreements with Franchisor, or ii) owning shares of a class of securities listed on a stock exchange or traded on the over-the-counter market and that represent less than 5% of that class of securities

3 Neither you nor any Principal will at any time i) Appropriate or use the trade secrets or any portion of the trade secrets incorporated within the System, in any business which is not within the System, ii) disclose or reveal any portion of the System to any person, other than to your franchised business's employees as part of their training, iii) acquire any right to use any name, mark or other intellectual property right which is or may be granted by this Agreement, except in connection with the operation of the franchised business or iv) communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the methods of development or operation of a business or system by utilizing the Acting-A-Part System, communicated by us in connection with the Franchised Business

Miscellaneous

1 Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement

2 Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security

3 Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement

4 Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor

5 **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE COURTS OF NEW JERSEY AND THE FEDERAL DISTRICT COURT THEREIN COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE**

OF CARRYING OUT THIS PROVISION COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM OR HER IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SAID STATE OR FEDERAL LAW COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE SUSSEX COUNTY, NEW JERSEY, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION

6 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor expressly agrees 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 Agreement

7 This Agreement contains the entire agreement of the parties regarding the subject matter hereof This Agreement may be modified only by a duly authorized writing executed by all parties

8 All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties

If directed to Franchisor the notice shall be addressed to

AAP FRANCHISING, LLC
409 Woodport Road
Sparta, New Jersey 07871
Attention ________________
____

With copy to

PARIS ACKERMAN & SCHMIERER LLP
103 Eisenhower Parkway
Roseland, New Jersey 07068

Attention David S Paris, Esq
If directed to Franchisee, the notice shall be addressed to

____

____

____

Attention ______________________

If directed to Covenantor, the notice shall be addressed to

____

____

____

Attention ______________________

Any notices sent by personal delivery shall be deemed given upon receipt Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above Any notice sent by expedited delivery service or registered or certified mail shall be deemed given the earlier of actual receipt or 3 business days after the time of mailing Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other parties Business day for the purpose of this Agreement excludes Saturdays Sundays and national holidays on which federally chartered banks are authorized to close

9 The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below

FRANCHISOR

AAP FRANCHISING, LLC

By ____________________________
Name __________________________
Title ___________________________

FRANCHISEE

By ____________________________
Name __________________________
Title ___________________________

COVENANTOR

By ____________________________
Name __________________________
Title ___________________________

EXHIBIT "4" TO THE FRANCHISE AGREEMENT

CONTINUING GUARANTY

EXHIBIT "4"

CONTINUING GUARANTY

For value received, the undersigned do hereby jointly and severally (if more than one undersigned) and unconditionally guaranty unto AAP FRANCHISING, LLC, a New Jersey limited liability company, and its successors and assigns (the "**Franchisor**"), the full payment and performance of ____ ______, a(n) __________________________ (the "**Franchisee**") under the terms and covenants of that certain Franchise Agreement between Franchisor and Franchisee, dated ______________ ______, 20___ (the "**Agreement**") including, without limitation, interest and all other sums due thereunder and attorneys' fees and costs incurred in the enforcement of the Agreement or this Continuing Guaranty

The obligations of the undersigned pursuant to this Continuing Guaranty are joint and several, primary, and independent of the obligation of Franchisee This Continuing Guaranty is a guarantee of payment and performance and not of collection, and a separate action or actions may be brought and prosecuted against the undersigned regardless of whether an action is brought against Franchisee or whether Franchisee is joined in any such action or actions This is a Continuing Guaranty relating to the Agreement, including indebtedness arising under successive transactions that continue pursuant to the Agreement or from time to time renew or extend it The undersigned authorizes Franchisor without notice or demand and without affecting their liability hereunder from time to time to i) change the amount of or the time for payment or any of the other terms and covenants of the Agreement, ii) take and hold security for the payment of this Continuing Guaranty, and to renew, compromise, exchange, transfer, enforce, waive and release any such security, iii) apply such security and direct the order or manner of sale thereof as Franchisor in its discretion may determine, iv) release or substitute any one or more of the undersigned guarantors, v) bid and purchase at any sale of security for this Continuing Guaranty, vi) assign or transfer all or any part of its interest in the Agreement, and vii) assign this Continuing Guaranty in whole or in part The undersigned waive any right to require Franchisor to proceed against Franchisee, or proceed against or exhaust security for indebtedness evidenced hereby, or pursue any other remedy in Franchisor's power whatsoever Each of the undersigned, if constituting married persons, expressly agrees that recourse may be made against their marital community and their separate property and in such order and manner as Franchisor may elect The undersigned waive any defense arising by reason of any disability of defense of Franchisee or by reason of the cessation from any cause whatsoever of the liability of Franchisee The undersigned waive all presentments, demands or performance, notice of nonperformance, protest, notice of protest, notices of dishonor and notices of acceptance of this Continuing Guaranty and of the existence, creation or incurring of new or additional obligations Until all obligations of Franchisee under the Agreement have been paid and satisfied in full, the undersigned shall have no right of subrogation and waive any right to enforce any remedy which Franchisor now has or hereafter may have against Franchisee, and further waive any benefit of, and any right to participate in any security now or hereafter held by Franchisor This Continuing Guaranty shall bind the undersigned s heirs, administrators, personal representatives, successors and assigns, and shall inure to the benefit of Franchisor and its successors and assigns including, without limitation, any party to whom Franchisor may assign any interest in the Agreement, and the undersigned hereby waive notice of any such assignment All of Franchisor's rights are cumulative and not alternative This Continuing Guaranty shall be governed by, construed, and enforced under New Jersey law

Executed on the dates stated below

Date__________________________

____
Signature

____
Typed or Printed Name

Date__________________________

____
Signature

____
Typed or Printed Name

STATE OF ________)
) ss
County of _________)

The foregoing instrument was acknowledged before me this _____ day of _________, 20___, by ____

My Commission Expires
____

____
Notary Public

EXHIBIT "C" TO THE DISCLOSURE DOCUMENT

ALTERNATIVE SUPPLIER REQUEST FORM

Alternative Supplier Approval Form

This form should be used when requesting an alternative supplier

Please include the following information for the proposed alternative supplier

a) Name of Franchisee ____________________

b) Name of Supplier ____________________

c) Address ____________________

____

____

d) Product/Service ____________________

e) Website ____________________

f) E-mail address ____________________

g) Telephone ____________________

h) FEIN ____________________

i) Years in Business ________________

j) Pending Litigation ________________

k) Filed Bankruptcy Y N

l) Price Terms ____________________

m) Warranties ____________________

n) Limitations of Liability ______________

o) Insurance Requirements ______________

EXHIBIT "D" TO THE DISCLOSURE DOCUMENT

ROSTER OF CURRENT AND FORMER FRANCHISEES

AS OF DECEMBER 31, 2015

ROSTER OF CURRENT AND FORMER FRANCHISEES

(a) **<u>Operational Franchisees</u>** The following are the names, addresses and telephone numbers of all Acting-A-Part franchisees as of December 31, 2015 who are operational

None

(b) **<u>Franchises Executed But Not Yet Operational</u>** The following are the names, addresses and telephone numbers of all Acting-A-Part franchisees as of December 31, 2015 who are not yet operational but have signed a Acting-A-Part Franchise Agreement

None

(c) **<u>Former Franchisees</u>** The following are the names, last known home addresses and home telephone numbers of all franchisees that have been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Acting-A-Part Franchise Agreement during the most recently completed fiscal year (since January 1, 2015) or who have not communicated with us within 10 weeks of the effective date of this Franchise Disclosure Document

None

EXHIBIT "E" TO THE DISCLOSURE DOCUMENT

ROSTER OF COMPANY-OWNED AND AFFILIATE-OWNED STUDIOS

AS OF DECEMBER 31, 2015

COMPANY-OWNED STUDIOS
AS OF DECEMBER 31, 2015

None

AFFILIATE-OWNED STUDIOS
AS OF DECEMBER 31, 2015

AFFILIATE NAME	CONTACT	ADDRESS	PHONE NUMBER
Acting-A-Part L L C	Erika Lupo	409 Woodport Road, Sparta, NJ 07871	(973) 879-3651
Acting-A-Part L L C	Erika Lupo	100 Dayton Street, Ridgewood, NJ 07450	(973) 879-3651

EXHIBIT "F" TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF AAP FRANCHISING, LLC
FOR THE STATE OF CALIFORNIA

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT ('Addendum") sets forth modifications to the Franchise Disclosure Document ('FDD") for purposes of offering franchises in the State of California (the "State")

WHEREAS, the State has certain laws and regulations affecting the sale of franchises, and

WHEREAS, **AAP FRANCHISING, LLC** desires to comply with all such applicable laws and regulations of the State

NOW, THEREFORE, the FDD is hereby modified as follows solely to the extent that the laws of the State requires such modifications be made to the FDD and apply to either the parties or the transactions described, without acknowledging the application of such laws

1 The cover page of the FDD is modified by adding the following Risk Factor

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

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

2 Item 17 to the FDD is modified by adding the following provisions

If you must sign a general release of claims upon renewal or transfer of the franchise agreement, California Corporate Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516) Business and Professional Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professional Code Section 20000-20043)

California Corporations Code, Section 31125 requires AAP Franchising LLC to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise If the franchise agreement is inconsistent with the law, the law will control

The franchise agreement provides for termination upon bankruptcy this provision may not be enforceable under Federal bankruptcy law (11 U S C A Sec 101 et seq)

9 California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisees concerning termination or non-renewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

10 The Non-Disclosure and Non Competition Agreement contains a covenant not to compete which extends beyond the term of the franchise This provision may not be enforceable under California law

AAP FRANCHISING, LLC	**FRANCHISEE**
By ______________________	By ______________________
Name ______________________	Name ______________________
Title ______________________	Title ______________________
Date ______________________	Date ______________________

AMENDMENT TO THE AAP FRANCHISING, LLC FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is effective as of the date of execution of the Franchise Agreement between AAP Franchising, LLC ("Franchisor") and Franchisee, and amends the Franchise Agreement as follows

1 Section 13 of the Franchise Agreement is modified by inserting the following sentence at the end of the last paragraph in that Section

> The Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise This provision may not be enforceable under California law

3 Section 12 of the Franchise Agreement is modified by inserting the following language at the end of that Section

> To the extent that this section regarding termination is inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect

4 Paragraph 20 1 of the Franchise Agreement is modified by inserting the following sentence at the end of the paragraph

> The Franchise Agreement requires application of the laws of New Jersey This provision may be unenforceable under California law

5 Section 20 of the Franchise Agreement requires binding arbitration in New Jersey This provision may not be enforceable under California law

6 Paragraph 2 2 7 of the Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement California Corporations Code Section §31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void California Corporations Code Section §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §31000-31516) Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043)

7 Section 20 of the Franchise Agreement requires you to consent to a waiver of a trial by jury This provision may not be enforceable under California law

8 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 1281 and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

9 California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisees concerning termination or non-renewal of a franchise If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control

10 The Non-Disclosure and Non Competition Agreement contains a covenant not to compete which extends beyond the term of the franchise This provision may not be enforceable under California law

AAP FRANCHISING, LLC	**FRANCHISEE**
By __________________________	By __________________________
Name ________________________	Name ________________________
Title _________________________	Title _________________________
Date _________________________	Date _________________________

EXHIBIT "G" TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "**Release**") is made as of _________ ___, 20___ by _______________________, a(n) _________________ ("**Franchisee**"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "**Releasor**") in favor of AAP Franchising, LLC, a New Jersey limited liability company ("**Franchisor**) and togethei with the Releasor, the "**Parties**")

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "**Agreement**') pursuant to which Franchisee was granted the right to own and operate an Acting-A-Part Studio,

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, **[enter into a successor franchise agreement]** and Franchisor has consented to such transfer **[agreed to enter into a successor franchise agreement]**, and

WHEREAS, as a condition to Franchisor's consent to the transfer **[Franchisee's ability to enter into a successor franchise agreement]**, Releasor has agreed to execute this Release upon the terms and conditions stated below

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer **[Franchisor entering into a successor franchise agreement]**, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows

1 **Representations and Warranties** Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder

2 **Release** Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, and any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto

3 **Nondisparagement** Releasor expressly covenants and agrees not to make any lease false representation of facts, or to defame, disparage, discredit or deprecate any of the

Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business) or their reputation

4 **Miscellaneous**

a Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred

b This Release shall be construed and governed by the laws of the State of New Jersey

c Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor

d In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees

e All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns No other party shall be a third-party beneficiary to this Release

f This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof This Release may not be modified except in a writing signed by all of the Parties This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document Facsimile signatures shall be deemed to be as valid as original signatures

g If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein

h The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above

FRANCHISEE

______________________________________,
a ____________________________________
By ___________________________________
Name _________________________________
Its __________________________________

FRANCHISEE'S OWNERS

______________________________________,
Print Name ___________________________
Date ________________________________

______________________________________,

Print Name ___________________________
Date ________________________________

______________________________________,

Print Name ___________________________
Date ________________________________

______________________________________,

Print Name ___________________________
Date ________________________________

EXHIBIT "H" TO THE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

Franchisee Disclosure Questionnaire

You (either individually or as a principal of a corporation, partnership or limited liability company and on such entity's behalf) are preparing to enter into a Franchise Agreement with us for the operation of an Acting-A-Part Studio The purpose of this questionnaire is to determine whether any statements or promises were made to you that were not authorized and that may be untrue, inaccurate or misleading Please review each of the following questions carefully and provide honest and complete responses to each question

Acknowledgments and Representations

1 Did you receive a copy of our Franchise Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement?
Check one (_) Yes (_) No If no, please comment ______________________________
____

2 Have you studied and reviewed carefully our Franchise Disclosure Document and Franchise Agreement?
Check one (_) Yes (_) No If no, please comment ______________________________
____

3 Did you receive a copy of the Franchise Agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed?
Check one (_) Yes (__) No If no, please comment ______________________________
____

4 Did you understand all the information contained in both the Franchise Disclosure Document and Franchise Agreement?
Check one (_) Yes (_) No If no, please comment ______________________________
____

5 Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document?
Check one (__) Yes (__) No If yes, please state in detail the oral, written or visual claim or representation ____
____

6 Did any employee or other person speaking on behalf of Franchisor make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any studio, location or business, or the likelihood of success in your business?

Check one (__) Yes (__) No If yes, please state in detail the oral, written or visual claim or representation ____

____

7 Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Check one (__) Yes (__) No If yes, please state in detail the oral, written or visual statement or promise ____

____

8 Did any employee or other person speaking on behalf of Franchisor make any statement or promise regarding the costs involved in operating a 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
Check one (_) Yes (_) No If yes, please comment ______________________________

____

9 Do you understand that the franchise granted is for the right to operate an Acting-A-Part Franchise business in the Protected Territory only and that we have the right, subject only to the limited rights granted to you under the Franchise Agreement, to issue franchises or operate competing businesses for or at locations, as determined by us, near your Protected Territory?
Check one (_) Yes (_) No If no, please comment ______________________________

____

10 Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning your franchise business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding?
Check one (_) Yes (_) No If no, please comment ______________________________

____

11 Have you discussed the benefits and risks of operating the franchise with an attorney, accountant or other professional advisor, and do you understand those risks? Check one (_) Yes (_) No

12 Do you understand that the success or failure of your franchise will depend in large part upon your skills and experience, your business acumen, the location of your studio, the local market for products and services provided under Acting-A-Part Marks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Acting-A-Part franchise business may change?

Check one (_) Yes (_) No If no, please comment ______________________________

____

13 If you need additional space to fully explain any answer, please use the following blank lines (Attach additional pages, if necessary, and refer to them below)

____

____

____

____

____

____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH

NOTE IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNER AND MINORITY OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT

______________________________	______________________________
Signature of Franchise Applicant	**Signature of Franchise Applicant**
______________________________	______________________________
Name (please print)	**Name (please print)**
Dated ______________________	**Dated** ______________________
______________________________	______________________________
Signature of Franchise Applicant	**Signature of Franchise Applicant**
______________________________	______________________________
Name (please print)	**Name (please print)**
Dated ______________________	**Dated** ______________________

EXHIBIT "I" TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

Operations Manual
Table of Contents

SECTION 4 OPERATING PROCEDURES

EXHIBIT "J" TO THE DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws There may be states in addition to those listed below in which we have appointed an agent for service of process There also may be additional agents appointed in some of the states listed below

LIST OF STATE ADMINISTRATORS

California
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7500

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

Indiana
Franchise Section, Securities Division
302 W Washington St, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland
Office of Attorney General
Securities Division
200 St Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan
Department of Attorney General
Consumer Protection Division
Attn Franchise Section
525 W Ottawa Street
G Mennen Williams Bldg, 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101-2198
(651) 296-4026

New York
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

North Dakota
North Dakota Securities Department
600 East Blvd Avenue
State Capitol, Fifth Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon
Division of Consumer and Business Services
350 Winter St N E Labor & Industries Bldg , Rm 21
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

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

Washington
Department of Financial Institutions, Securities Div
150 Israel Road, S W
Tumwater, Washington 98501
(360) 902-8760

Wisconsin
Division of Securities
Department of Financial Institutions
345 W Washington Street, 4th Floor
Madison, WI 53703
(608) 266-8559

LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

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

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
302 W Washington St , Room E-111
Indianapolis, Indiana 46204

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

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Unit
525 W Ottawa Street
G Mennen Williams Bldg , 1st Floor
Lansing, Michigan 48913

Minnesota
Commissioner of Commerce
85 7th Place East, Suite 500
St Paul, Minnesota 55101-2198

New York
Secretary of State of The State of New York
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231

North Dakota
Securities Commissioner
600 East Boulevard Avenue, 5th Floor
Bismarck, North Dakota 58505

EXHIBIT "K" TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain English Read this Disclosure Document and all agreements carefully

If AAP Franchising 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 New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or payment of any consideration that relates to the franchise relationship Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first

If AAP Franchising, 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 J' to this disclosure document)

The franchisor is AAP Franchising, LLC located at 409 Woodport Road, Sparta, New Jersey 07871 Its telephone number is (973) 879-3651

We authorize the respective state agencies identified on Exhibit ' J to receive service of process for us if we are registered in the particular state

Issuance Date February 3 2016

The name, principal business address and telephone number of the franchise sellers offering the franchise are

Name	Principal Business Address	Telephone Number
Erika Lupo	409 Woodport Road Sparta, New Jersey 07871	(973) 879-3651

I received a Disclosure Document dated _______ (See the state effective date summary page for state effective dates) The Disclosure Document included the following Exhibits

A Form of Franchise Agreement
B Financial Statements
C Alternative Supplier Request Form
D Roster of Current and Former Franchisees
E List of Affiliate Owned Studios
F State Addenda
G Form of General Release
H Franchisee Disclosure Questionnaire
I Operations Manual Table of Contents
J State Administrators/Designation of Agents for Service of Process
K Receipts

______________________________ ______________________________
Signature Date

Print Name ______________________________

KEEP THIS COPY FOR YOUR RECORDS

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The franchisor is AAP Franchising LLC located at 409 Woodport Road Sparta, New Jersey 07871 Its telephone number is (973) 879 3651

We authorize the respective state agencies identified on Exhibit J to receive service of process for us if we are registered in the particular state

Issuance Date February 3, 2016

The name principal business address, and telephone number of the franchise sellers offering the franchise are

Name	Principal Business Address	Telephone Number
Erika Lupo	409 Woodport Road, Sparta, New Jersey 07871	(973) 879-3651

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______________________________ Signature

______________________________ Date

Print Name ______________________________

RETURN THIS RECEIPT TO US AT
AAP Franchising LLC
409 Woodport Road
Sparta, New Jersey 07871
Telephone (973) 879 3651
E-mail franchising@actingapart com